

Six-vote majority in TUC for £6 pay-limit proposal

unions' plan for limiting pay to £6 a week for the next year approved by the TUC yesterday but the small majority of six votes will worry the Government. CBI leaders told the Chancellor last night that £6 was too much: they want the formula to be £5 or less.

'Hard bullet to bite' - Mr Murray

It was obviously a very hard bullet to bite on, but the general council bit on it, he said. "Certainly there were some members of the general council, a minority, who were not in favour of the proposal. In some cases it was because of policy decisions by their conferences."

Among those who voted against were engineering workers' leaders, Mr Raymond Buckton, of the train drivers, Mr Alan Fisher, of the public employees, and Mr Lawrence Daly, of the miners. With such powerful opposition ranged against the traditionally moderate unions who support the plan, ministers are bound to have misgivings.

Missing from the meeting were Mr Daniel McGarvey, of the boilermakers, Mr Leslie Buck, of the sheet metal workers, Mr Jim Slater, of the seamen, and Mr Joseph Gormley, the miners' president, who was at his union's policy-making conference. They are all likely to have voted against the document, and Mr Hugh Scanlon, the engineering workers' president, who had to leave before the vote was taken, indicated his strong opposition.

That produces a putative figure of 19 in favour and 18 against, and one informed estimate last night put the number of congress votes against at 4,130,000 and in favour 4,300,000.

In brief, the document proposes an increase of £6 a week for all workers whose annual pay is less than £7,000 a year.

Anti-strike insurance promised to employers

A new proposal for creating a fund to insure firms in the private sector which suffer strikes by standing firm on the Government's pay limit is now expected to be included in the draft White Paper that will be brought before the full Cabinet by the Chancellor of the Exchequer at 10 Downing Street this morning.

The White Paper appears to have been a full draft early yesterday, and Mr Wilson, Mr Healey, and a strong group of senior ministers seem to be confident that they can carry out all essential details this morning without running into the embarrassment of any ministerial resignation threats.

Mr Healey is provisionally arranging to make a statement to the House of Commons at 11 am tomorrow and soon afterwards he and the Prime Minister will present the full proposals at a news conference. All the signs are that the measures will closely follow the outline given by Mr Healey to the Commons on July 1. As the ultimate paymaster and financier of the nationalized industries and local government, the overwhelming Cabinet majority has no doubts that the Government will have all the control it needs to enforce the pay curb on wage settlements throughout the public sector (now expected to be £6 a week on all adult wages up to a limit of £7,000 a year).



Peter Oosterhuis chipping on to the first green yesterday at Carnoustie where he took the lead in the British Open with a round of 68. Report, page 6.

Three cases of typhoid confirmed

Three cases of typhoid have been confirmed among holiday-makers returning from Majorca, the Department of Health and Social Security stated last night. The patients are in hospital at Bristol (one confirmed, one suspected), Leeds (one confirmed), Manchester (one suspected) and Huddersfield (one confirmed, one suspected).

All had been on holiday on the north coast of Majorca at resorts of Can Picafort and Alcudia.

The department reiterated its advice that everyone travelling outside northern Europe, North America, Australia or New Zealand should be vaccinated.

Post Office plans 8½p post, 3p phone unit and cuts in services

make good part of the huge deficiency in the corporation's pension fund.

The Post Office cannot promise that the proposed changes will be the last this year.

Last night Lord Peckie, chairman of the Post Office Users' National Council, said he was appalled at the news and expected a violent response from the public. The higher telephone charges represented a 67 per cent increase after the average 35 per cent rise in April.

The corporation could not go on raising prices, because demand would fall and it would be back where it started. The council will meet next week to decide an official response to the proposals.

Mr R. Elwes, general secretary of the Telephone Users' Association, said the measures were quite impossible and added that the corporation had lost control of its business.

The Association of Mail Order Publishers described the measures as disastrous and said it would support a full inquiry into decision-making by the corporation.

Sir William Blimes, chairman of the projected loss of £300m included £150m for telecommunications, £134.5m for postal and £15m for Giro and remittance services. Of the £242.5m additional loss over the original estimated deficit of £50m, £214.5m was due to inflation and the rest to loss of business, exclusively in telecommunications.

The increases are large because we have got to raise what we need within six months," he said. He emphasized that there was to be no subsidy for the Post Office in 1976-77, and that borrowing was to be severely restricted.

The Post Office estimates that the cuts in services will save £3.5m in 1975-76 and £19.5m in 1976-77. The increases in inland postal tariffs should produce £54m in 1975-76.

Our Political Editor writes: Mrs Thatcher and the Shadow Cabinet last night decided to take a Supply day next Tuesday in the Commons to debate a motion on the new tariff proposals.

Voyage to show Irish were first in America

By Philip Howard

It used to be a school truism that Christopher Columbus was the first European to reach North America, followed shortly by Amerigo Vesputti, the nomenclator. Recently Scandinavians have tried to claim the blame for the discovery in the person of Leif Eriksson, the Norseman, with his Viking long-boat, in 1970 Thor Heyerdahl showed how the ancient Egyptians could have made the crossing first in papyrus boats.

But indeed, to be sure, any fool knows that the Irish got there first. Legends tell how St Brendan discovered the mysterious land beyond the western sea in the sixth century, sailing in a leather boat greased with butter to keep it waterproof.

Ireland is the blessed country where the impossible never happens and the impossible always does. On May 16 next year, St Brendan's Day, an expedition is setting out in a leather boat built to Brendan's specifications and named after him, to retrace his voyage and demonstrate that he could have been the real discoverer.

The venture is entirely serious and scholarly, and is supported by the Dublin Government and academic establishments, the National Maritime Museum, and, perhaps less surprisingly, the Leather Institute.

Its leader is Mr Timothy Severin, aged 34, an Englishman who lives in Cork and makes his living by exploration and writing about exploration. With an advance from his publisher he has commissioned a boat conforming to the design and construction of the Celtic leather boats of the dawn of Irish history, known as currachs.

The Brendan, which starts being built next month, will be shaped like a banana, 36ft long, with an 8ft beam. Its wickerwork frame will be covered with the hides of 25 oxen, which are being tanned in oak bark and greased with cod oil and tallow, the recipe handed down since the Romans sailed the Irish Sea. The leather will be dressed with butter during the voyage.

Research by the Leather Institute suggests that a boat so treated will leak at a rate of not more than seven gallons a day, in addition to leakage through the seams and spillage over the side.

The Brendan will be propelled by oars and by two square sails made of leather, probably goatskin. To make the frame flexible the joints will be lashed together with more than a mile of leather thong, drummed with alum and treated with natural fats to make it waterproof.

Mr Severin will take with him in the wake of St Brendan a meteorologist, a cameraman, a sailing master, and a navigator from the Irish Naval Service, and the latest navigational equipment inside the boat at least.

The men in the leather boat will put to sea as hopefully as the Jumbies from Brandon

CBI hold out for £5 or less

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Continued on page 2, col 2

Mr Sadat claims agreement on Sinai pact

Boston, July 9.—Egypt and Israel have agreed on basic terms for a new Sinai disengagement pact, according to President Sadat of Egypt.

In an exclusive interview with Mr William Randolph Hearst and Mr Kingsbury Smith, of the Hearst newspapers, published in today's Boston Herald American, Mr Sadat said the agreement would be "a defusion of the explosive situation" in the Middle East if followed by movement on the Syrian front and if the forthcoming Geneva conference handled the problem of Palestine.

Details of the Sinai settlement, but barring last minute problems, he believed a new agreement would soon be signed.

The Egyptian leader also said that he told President Ford in Salzburg last month that the United States would be allowed to establish an early warning system in the Sinai after Israel withdraws from the area.

President Sadat was quoted as saying that the new pact would also return the Sinai oil fields to Egypt. In addition, after the signing of the agreement, he would extend an annual basis the mandate for keeping United Nations forces in the Sinai buffer zones.

"I am ready to renew the mandate for the United Nations forces annually, instead of for three months or six months. The Israelis may say what they wish, but I am willing to renew the process annually if the peace process remains in movement."

UPI.

Washington, July 9.—Dr Kissinger left for Europe today declaring that Israel and Egypt were not yet at the point of concluding a new Sinai agreement.—Reuters.

Mr Rabin has no deadline, page 4

'Jackal' named as a leader of Palestinian terrorists

From Paul Martin Beirut, July 9

Carlos Martinez, the so-called Jackal, has planned a string of terror strikes in Britain and other European capitals for the Liberation of Palestine, underground Palestinians said here today. They reported that both Mr Martinez and the man who betrayed him, Michel Moukharbel, joined the Front five years ago when it launched its international terror war.

According to these same sources, whose knowledge of the Front's activities has hitherto been unimpeachable, Mr Martinez is one of the leading members of the Arab armed struggle organization based in Europe. Dedicated to strike at Zionist and other Jewish targets anywhere, the organization is a coalition of violent revolutionaries of many nationalities run by the Front. Mr Martinez has been reported in London to be Venezuelan-born with the name of Ilich Ramirez Sanchez.

Clearly the inroads into the secret network that he and his fellow terrorists ran are regarded as a setback by the Popular Front. "But the police and intelligence services are only scraping the surface," the sources said. "We must expect some violent things in the near future and it will be shown that the operation has not been affected."

The first setback occurred when Mr Moukharbel, a Lebanese operative in the Front's international network, was arrested at Beirut airport on June 9 as he was leaving for Paris. He was acting as a courier for the Jackal and was carrying plans for a series of terror strikes against property in Europe. According to the sources he was interrogated for five days and his mission was "brought down."

When he was released he was put on a plane to Paris—he had no option, the sources related. "Hence when he arrived in Paris he was under constant surveillance and was eventually forced to reveal the hide-out of Carlos and the comrades."

They said that Mr Martinez was recruited to the Front "about five years ago" by one of its agents in Paris. He was brought to Jordan, then under the virtual control of the Palestinian guerrillas, where he underwent "orientation" in the Front's training and indoctrination camps in the Jordan valley. He then returned to Europe.

Those claiming personal knowledge of Mr Martinez, maintain that it would be a mistake to call him a South American. Although they give no clue as to his true nationality, let alone his identity, they hint that he could be Lebanese or Palestinian, born in the Americas or having spent a long time there.

The sources strongly denied reports that Mr Martinez was now in Beirut being sheltered by the Popular Front.

Jailed picket to be freed

Eric Tomlinson, one of the "Shrewsbury two", is to be freed on parole. The Home Secretary has accepted a recommendation of the Parole Board and Mr Tomlinson was told at Leicester prison yesterday that he would be free in about 14 days.

The other jailed picket, Dennis Warren, will have his case reviewed in September.

Car premiums up again

Sun Alliance and London Insurance Co. and National Insurance and Guaranty, yesterday announced increases in car insurance premiums.

Sun Alliance will raise rates by an average 16 per cent from August 1, while National increased premiums by almost 10 per cent for private cars and 15 per cent for commercial vehicles from July 1.

ganda will free r Denis Hills, mshasa reports

Denis Hills, the British lecturer who was freed after being held in Kampala, Uganda, will return to London with Mr Callaghan after the British Secretary completes his visit to the official Zaire News Agency in Kinshasa last night. Mr ghan arrived in Kampala yesterday. Mr Callaghan in Uganda, page 4



bour's dilemma

British Labour Party delegation was in a dilemma during the Strasbourg summit's debate on closer political co-operation. The Belgian motion for a European Parliament involving loss of sovereignty by member states. The Labour delegation decided to vote in favour of the motion.

ivy in Nato test

Under-Secretary of Defence for the Navy, replying in the Commons to Opposition criticism of the withdrawal of permanent naval forces from the Mediterranean, said that Britain was participating in Nato maritime exercises there in the autumn.

y beds issue

NHS hospital doctors do not treat patients in amenity beds. Their fight to retain pay beds was backed to the council of the Medical Association at its conference in Leeds, yesterday.

5m machine tool aid

Government is to give £25m aid to troubled Alfred Herbert machine tool. A major portion of the finance is equity capital vested in the private National Enterprise Board.

IRA leader held

Mr David O'Connell, reputed chief of staff of the Provisional IRA, was being questioned by police at Bridewell station, Dublin, last night, after being detained at a house in Coolock, a northern suburb of the city.

BBC changes: Mr Ian Trethowan is to take over as head of the year from Mr Huw Wheldon as managing director of BBC television.

Synod opposed: MP begins a Commons campaign against plans to end private patronage in church appointments.

Libson: The Portuguese military regime has published a plan for workers' control, short-circuiting existing political parties.

Argentina: Señora Perón's rival for presidency in surprise move to take over after two major defeats for the Government.

Australia: Opposition may call Senate inquiry into allegations of irregularities in raising loans overseas.

Tehran: 12-page Special Report in the series, Investment Centres of the World.

Bank chiefs resign

Keeser Ullmann, the City merchant bank, has completed the overhaul of its senior management structure with the resignation from its board yesterday of its two managing directors, Mr Roland Franklin and Mr Ian Stouitzer.

Leaders: On accountability of MPs, from Lord Shawcross and others; on militant students, from Councillor Nicholas Bennett.

Reading articles: Rising crime rate; The Australian political situation; House prices.

Features, pages 14 and 16

Ronald Butt said if there is a case for the Labour Party to hold primary elections in choosing their parliamentary candidates; Pearce Wright on the great American and Russian space link-up.

Arts, page 9

Roland Penrose on Barcelona's new Foundation Joan Miró; Ronald Hayman interviews Val May; Irving Wardle on Cem (Solo Poly Theatre); William Maize on the RPO under Rudolf Kempe (Festival Hall).

Books, page 8

Michael Ratcliffe on a study of Verd; also reviews of biographies of George Stephenson and Hawker of Morwenstow.

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Michael Leppman finds that the proceedings of the European Parliament need to make a bigger splash.

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Cricket: John Woodcock previews the first Test match against Australia; Racing: Michael Phillips on Newmarket prospects.

Business News, pages 18-23

Stock market: The FT index ended 1.2 up at 327.8.

Financial Editor: Refinancing Alfred Herbert: Ariel's second year: profits mauling at International Timber.

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Richard Ellis

HOME NEWS

New technique for discovering fingerprints on fabric and plastics introduced by police

By Peter Evans
Home Affairs Correspondent

A new development in the use of fingerprints as an aid to investigation is described in the annual report of the Chief Inspector of Constabulary, Sir John Hill, to the Home Secretary, published yesterday. It says that research on their properties has made possible for the first time the discovery of latent prints on surfaces such as plastics and fabrics. The discovery is among a number of important scientific innovations which are being introduced to aid hard-pressed police forces.

The report says that 1974 was an arduous and difficult year for the police. Their resilience was tested severely by increased crime, senseless vandalism, and, to an increasing extent, the challenge and menace of politically motivated terrorism. The record rise in crime, of 21 per cent, was the more disturbing, Sir John said, because it is spread over the length and breadth of the country and over all groups of offences apart from the sexual offences group.

In 1974, the number of crimes cleared up increased from 489,578 to 551,076, but the proportion of those cleared up against those known decreased by 3 per cent, from 47 per cent to 44 per cent.

Sir John says of manpower: "The picture is not a happy one. The police service made a net gain of 1,348 male officers by the end of 1974, but the authorized establishment, had

by the same date, increased by 1,535. As part of the battle against crime, Sir John reports how the police department of the Home Office has been reorganized. The coordination of the scientific and technical support services has been made the responsibility of a separate assistant under secretary of state, supported by a new policy division. Sir John describes how the finding of stolen vehicles has been speeded up by storing the national file of stolen vehicles in the police national computer. In one case the stolen vehicle was recovered before the owner, on reporting the theft, had left the police station.

The old methods of reporting stolen vehicles meant it could take up to 10 days for information to reach all police forces throughout the country. By the end of the year there were particulars of about 120,000 vehicles on the computer file. Eventually, details of nearly 20 million vehicles will be held.

Using evidence provided by work carried out at the Transport and Road Research Laboratory, Sir John concludes: "There is little doubt that the impact on road accidents brought about by the breath testing legislation introduced in 1967, has lost much of its force."

But road accidents involving personal injury fell by eight per cent in 1974 and there was a seven per cent reduction in deaths. Sir John attributes the welcome decrease to a number of other things, the 50 mph speed limit (which operated until the

end of March on major roads and until the end of May on rural roads), the three-day working week, the petrol shortage and the increasing cost of motoring.

The report regrets that for the first time since its inception the traffic-warden service has suffered a decrease in strength. Sir John adds that traffic orders have abounded. "Unless more wardens become available to enforce them," he says, "local authorities may need to consider other remedies beyond adding to the already extensive yellow lining of our roads."

During 1974, a new hallucinogenic drug, bromo-SIP, not controlled under the Misuse of Drugs Act, 1971, began to figure prominently in force reports. The advisory council on the misuse of drugs recommended that the substance should be brought under control.

Sir John says that 18,340 letters of commendation, relating to 27,897 police officers, were received during 1974. The total number of complaints recorded by forces in England and Wales, excluding the Metropolitan Police, was 11,281 compared with 10,589 in 1973. The number of complaints substantiated was 958 as against 969. Disciplinary proceedings were instituted in 84 cases. The number of cases referred to the Director of Public Prosecutions for advice on whether disciplinary proceedings should be instituted was 2,063, about 18 per cent of the total. Report of Her Majesty's Chief Inspector of Constabulary for the year, 1974. House of Commons Paper 406. £1.35.

MP fights patronage reform plan

By Clifford Longley
Religious Affairs Correspondent

Mr John Cordle, Conservative MP for Epsom and Ewell, attacked a meeting at the House of Commons today to "fire a hot cross the buns" of the General Synod of the Church of England over its intention to abolish private patronage.

He has invited the MPs, about 100, to sign his early day motion declaring that "it would be an opportunity for the Synod to promote a measure to Parliament affecting the rights of patrons to nominate to livings. He is also asking representatives of the General Synod and a number of bodies possessing patronage rights, such as university colleges and church trusts."

Mr Cordle said yesterday that he hoped the next meeting of the Synod in November would receive a clear warning that such a measure would run into trouble in Parliament. Mr Cordle is the patron of several livings.

The General Synod has chosen a policy that would leave it to each individual parish to decide whether to continue its relationship with the patron of the living or whether to pass the right to nominate to a representative church body. It is intended that patronage should slowly disappear. It has been attacked many times in the church as anomalous and archaic, and as an obstacle to a flexible appointment policy. Defenders argue that it secures variety and balance while preventing appointments from falling under the influence of too central or too powerful church authorities.

A draft measure is being prepared by synod officials. After final approval by the synod, it would be passed to Parliament for scrutiny by the Education Committee and put before both Houses for an affirmative vote. MPs and peers could then press for a full debate, and Mr Cordle said he had already told the Prime Minister that many MPs wanted that.

Parliament has, however, shown itself very reluctant to consider blocking reforms in the church of England passed by the General Synod.

Concession to schools on TV recordings

By Our Education Correspondent

Schools in Britain have won an important concession from the BBC over recording broadcasts for schools.

It was announced yesterday that schools can now make and keep for three years recordings of all programmes listed in the corporation's annual programme. Previously he limit had been one year.

Local authority resource centres will also be able to make copies and circulate recordings of programmes to schools, colleges and teachers' centres.

Four killed in trawler named

The four members of the crew who died in a fire on board the trawler *Granian Hunter* on Tuesday, all came from Edinburgh. They were named yesterday as Mr James Barr, the date, of Muirhouse Green; Mr Terry Hamilton, deckhand, of Ferry Road; Mr Patrick Thorne, deckhand, of West Granon Crescent; and Mr Joseph Murray, trawlerman, of Hatfield Road.

Big rise in children committed to care

By Our Social Services Correspondent

The number of children in care after court proceedings rose by nearly a quarter in England last year, but there was a slight drop in the overall number going into care. The numbers of children going into care because their families were homeless or badly housed dropped slightly to just over seven thousand.

The annual White Paper on the subject, published yesterday, showed that 52,680 children went into care during the year to March 31, 1974, a drop of 879 over the previous year. But the number of children committed to care rose by 229 to 10,156.

On March 31, 1974, 95,867 children were in care, 2,679 more than 12 months previously. Based on the numbers actually in care on that date, the rate for every 1,000 children under 18 increased from 6.8 in England and 5.7 in Wales to 7.1 and 6.0 respectively.

The largest proportionate increase, by 351 to 1,674, was in the number of children in care who had been committed after care proceedings in England. In Wales the numbers fell from 108 to 59.

Short-term illness of parents or guardians continued to be the main cause, accounting for 13,794 cases. But 7,088 children went into care because of homelessness or bad housing, a drop of 64. Homelessness was responsible for 367 fewer cases, bad housing conditions for 303 more.

The White Paper covered the first full year of the transfer of approved schools and remand homes into the community home system introduced under the Children and Young Persons Act.

Because a different method of assessing the costs of care was adopted, the 1973-74 figures are not comparable with those of the previous year.

In the year covered the average gross cost to a local authority of keeping a child in care was £6,375 a week. The average cost was £36.20 for maintaining a child in a community home, £12.01 in a voluntary children's home, and £5.88 in a foster home. Altogether 40 per cent of children in care were fostered.

Children in Care in England and Wales, March 1974. Command 6147, Stationery Office, 26p.

Police in gun incident

A police sergeant was slightly hurt in a shooting incident in Liverpool yesterday. A search was launched for three men with Irish accents, who were being questioned by the police when the incident happened.

Medals for BBC team

The RSPCA has awarded medals to all seven members of the BBC television team who produced the Midweek film exposing the continued traffic in live sheep for slaughter in the south of France.

Chief executive praises 'ugly duckling' councils

From Christopher Warman
Local Government Correspondent, Eastbourne

Britain's new local authorities, "the ugly ducklings" of reorganization, will turn out to be swans in five years time, Mr John Boynton, president of the Society of Local Authority Chief Executives, declared yesterday.

Addressing the society's first annual conference, he said that most of local government's present troubles would have come independently of reorganization as the result of ever increasing expenditure coupled with inflation. "By 1980 I think everyone will realize the great step forward which we took in 1974 and that we shall have earned the admiration of the world for the reforms we have made."

Mr Boynton acknowledged that there were some situations that needed to be tackled quickly. "There are councils with areas too small for the functions they carry out, being indeed the perpetration of old boundaries," he said. "There are councils with far more councillors than can be found worthwhile, and rewarding work to do."

Doctors cautious about pay-bed 'war'

From John Roper
Medical Reporter

Doctors took a cautious line yesterday when they were asked at the annual representative meeting of the British Medical Association at Leeds to advise hospital consultants not to accept responsibility for caring for patients in amenity beds if private beds are phased out of the National Health Service.

The motion, which Dr C. J. Hughes, of Reading, the mover, said could be an effective sanction consultants could adopt in their disagreement with Mrs Castle, Secretary of State for Social Services, over the private bed issue, was not put to a vote but was referred to the council.

Mr Walpole Lewin, chairman

of the council, said he was worried about the implications of the motion. There was an agreement with the Government about amenity beds (used by health service patients on payment of a fee). If the structure of the private-bed system changed, they would have to discuss amenity beds. But now was not the time to say they would not look after patients in amenity beds.

Opposing the motion, Dr A. Keable-Elliott, chairman of the family doctors' committee, said there were patients who wanted a single room because they wanted quiet, their upbringing was such that they were not used to a public ward, and they would be genuinely distressed by lack of privacy. Was the profession prepared to say to that type of patient who

wanted a health service amenity bed that for political ends he must go into a public ward and lump it?

A motion deprecating the increase in administrative staff in the Department of Health and Social Security was not reached, but Mr Clifford Astley, chairman of the hospital doctors' committee, said that since 1973 the department's staff had increased by 10,000 from 76,527 to 86,707. Between 1970 and 1973 in England alone health service administrators, excluding secretaries, had increased by 283 per cent.

In the same period the number of consultants had increased by 181 per cent, junior medical staff by 15 per cent, nurses by 13 per cent, and ancillary staff had remained the same.

Secretary of State for Social Services, asking her for a meeting so that any misunderstandings may be overcome.

Dr Bell said the mood of the profession had changed. There were already areas where junior doctors were prepared to take industrial action. "We are actively restraining some areas," he said, "but we have advised members not to sign the new contract."

Some health regions were talking in terms of withdrawal from the service. Northern Ireland is believed to be one of them. The juniors are prepared to use BMA agencies by which they would be available for hospital employment on a hire basis.

Juniors call hospital contract vicious

From Our Medical Reporter

Proposals by the Department of Health and Social Security on the new 40-hour contract for 17,000 junior hospital doctors were described as vicious yesterday by Dr David Bell, chairman of the British Medical Association's junior hospital doctors' council.

After an emergency meeting of the council during the BMA annual representatives' meeting at Leeds, Dr Bell said there was great difficulty in restraining members at what he said was a stormy meeting from taking immediate industrial action. But they still hoped to settle the matter by negotiation.

Dr Angus Ford, chairman of the juniors' negotiating committee, said the department had introduced the staggering concept that the first four units of medical time after 40 hours should not count for payment. "From 40 to 56 hours we should, they say, work for nothing."

There was much concern, he said, that the 40-hour week agreement limited the working hours of junior doctors, but that was not so. They would work about the same hours as now.

The council passed a motion stating that the department's proposals violated the agreement already reached. A letter has been sent to Mrs Castle,

responsibility for the old when they became sick and infirm. Research might show how to slow the ageing processes or how to change the biological clock. The idea was not simply to make people live 10 years longer; that might be a disaster because untold strains were already being placed on the hospital and social services.

The ideal is probably to live to 95 and be shot by a jealous husband," he added.

Expanding on a paper to the first of the scientific sessions at the British Medical Association's annual meeting, he said he was particularly concerned by heartlessness among young doctors to the difficulties of

old people. He referred to a recent investigation showing students' attitudes, culled undoubtedly from their seniors, to be at best apathetic and at worst hostile.

He believed that one of the greatest needs was to find answers to the mental deterioration in those aged over 75. One female in four showed impairment and those patients represented, perhaps, the greatest challenge to a humane society.



Mr Severin with a model of his boat fashioned like the ancient seagoing curraghs.

Ireland to America in leather ship

Continued from page 1

Creek in co Kerry, the eponymous legendary home port of the patron saint of Irish navigation and seafaring blarney.

Mr Severin said yesterday: "My purpose is to advance nautical archaeology, identify St Brendan's landfalls and test whether the Irish of those days had the capacity and skill to reach North America. The real challenge will be to learn the lost art of handling these boats under sail."

The greatest risk would be that of capsizing, and the most serious physical difficulty would be keeping warm in an open boat on the edge of the Arctic ice cap.

Evidence of early long-dis-

tance navigation by the Irish is surprisingly substantial. Archaeologists have found wrecks of skin boats and habitations in Greenland dating from before the arrival of the Vikings, and, according to the Sagas, a colony of Irish monks on Iceland fled westward in a fleet of curraghs, leaving behind their bells, books, and croziers.

Brendan, born near the lakes of Killybegs about 500, died in the 570s. The Navigatio of his voyage to a promised land far in the west with a party of Irish monks became one of the most popular adventure stories of the early Middle Ages. It was translated into many languages, and 88 manuscripts are extant.

Some of the Navigatio is clearly fabulous. Brendan is helped by a whale and by angels disguised as birds. Other passages have the ring of experience. A gale blows Brendan so far north that he encounters sea "like curdled milk" and explores a great

floating pillar of transparent crystal. He lands at "Sheep Islands", a translation of the Faeroes; and touches a shore of red-hot rock and mountains spouting flames, which could be the volcanic coast of Iceland.

After sailing for days through an immense thick cloud (the fogs of the Grand Banks?) he reaches the Promised Land, a country of autumn sunshine, well wooded, and with a great river gliding into the interior.

The Irish of the early Middle Ages used to maintain in their cups that St Brendan was Christ's brother. Their historical reasoning was never made clear, but their bibulous contention infuriated their German colleagues, who regarded it as heresy and typical nationalistic arrogance.

Next summer the intrepid party in their leather boat will set out to see whether they too can touch the Happy Isles.

Chancellor asked to spare Wales in spending cuts

From Trevor Fishlock
Cardiff

Wales should be spared from cuts in public spending because it already gets less from the Government's head of population than the rest of Britain, Plaid Cymru said in a memorandum to the Chancellor of the Exchequer yesterday.

If the Government was serious in its intention to secure equality of wealth between regions, as the Foreign Secretary had indicated to EEC ministers last year, no public spending cuts should take place in Wales until the living standards in Wales and England were equal.

That would mean that there would have to be cuts involving a reduction of £9,000m in gross domestic product in England

before there were cuts in Wales, the memorandum says. It continues:

The Welsh economy is pitched at a lower level than England's and should not be hit hard by deliberate government action. Public spending a head is already less than for the country as a whole; the gross domestic product is 12 per cent below that of the United Kingdom and the level of personal wealth is only 72 per cent of that for the United Kingdom.

It is fair to insist that there should be no cuts in public services in Wales while public spending in vital sectors like housing, jobs, education and health lags behind that of the rest of the country. It is grossly unfair that an area already faced with high unemployment and low incomes should also be forced to suffer second-class treatment in the public sector.

Worst form of air pollution now is smoking

By Robert Parker

Professor Patrick Lawther, the new president of the National Society for Clean Air, said yesterday that because cigarette smoking caused at least 100,000 deaths a year it should now be regarded as the most serious form of air pollution.

In his inaugural address at Guildhall, in London, he said that the more obvious forms of pollution, such as smoke, carbon monoxide, sulphur dioxide and smog, had been controlled since the early 1950s.

Professor Lawther is in charge of the department of environmental and preventive medicine at St Bartholomew's Hospital, London.

Battlefield and farm among prize winners

By John Young
Planning Reporter

A medieval battlefield in Leicestershire and a Victorian farm in Suffolk are the two top prize winners in this year's conservation awards scheme sponsored by The Times and the Royal Institution of Chartered Surveyors. The scheme, the fifth in the series, was for projects providing recreation and leisure facilities and at the same time conserving the rural environment.

In the public sector the first prize was awarded to Leicestershire County Council for the restoration of Bosworth Field, described by the judges as a pioneering venture of a very high professional standard. The second prize went to Wansbeck District Council for a riverside park in Northumberland and the third to the Yorkshire Water Authority for an amenity area surrounding the new Scammonden reservoir near Huddersfield.

The winner in the private sector was Easton Farm Park, near Woodbridge, Suffolk, which the judges called "an exciting, practical and professional project". The Wellington country park, between Reading and Basingstoke, was placed second, and the third prize went to the extended tourist complex at Beaulieu, Hampshire.

A total of 77 entries were received for the competition, and fuller descriptions appeared in The Times on May 18, June 12 and 23, and July 1 and 7.

Social workers 'inexperienced' in child care

From Our Correspondent
Sheffield

Two social workers involved with the family of John Auckland for 12 months after he had killed his first child were inexperienced in child care, an inquiry at Sheffield was told yesterday. Neither knew of the facts concerning his killings of Marianne, aged nine weeks, in 1968, it was said.

Mr Auckland is serving a five-year jail sentence for the manslaughter last year of a second daughter, Susan, aged 16 months.

Mr David Hart, then a senior social worker, who said his department handled the family between February, 1972, and March, 1973, said child care was new to him then. A woman social worker more directly involved with the family "was one with the least experience in this field", he said.

He had never seen a file on the family when they came under his jurisdiction, he said.

The inquiry, into why Mr Auckland, aged 31, who lived in Queen's Drive, Shafton, Barnsley, was allowed custody of his three children when his wife left him, continues today.

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HOME NEWS

Young man's death a glimpse at terrors of rabies, coroner says

A coroner spoke yesterday of the "terrors" of rabies. Dr Douglas Chambers recorded a verdict of misadventure at St Pancras, London, on Mr Robert Apps, aged 22, who died from the disease last week after coming home from India.

Dr Chambers said: "We have had a glimpse of the terrors of this disease... it is an object lesson in the terrors that await us should this disease ever get across the Channel. There should be no relaxing of the already very stringent quarantine regulations."

Mr Arthur Apps, an electrical engineer, of Burntwood Lane, Caterham, Surrey, said his son had gone abroad in November, 1973, with "a restless urge for spiritual fulfilment."

After wandering in the Himalayas, he arrived at a Hindu temple, where he stayed for a year. Mr Apps said he visited his son there. His son had become "intermittently unwell" and arrived home by air on June 4.

Mr Apps said his son told him he might have had an odd nip from a dog sometimes on his travels. There had been a little puppy in the temple

which went sick and his son told him he had washed and nursed it.

His son went to the tropical disease hospital to find out what was wrong and later developed hydrophobia, a symptom of rabies. "He deteriorated very, very rapidly," Mr Apps said.

Dr Simon Cohen, consultant physician, University College Hospital, where Mr Robert Apps was transferred to the intensive care unit on June 15, said the disease was horrifying. Mr Apps, he said, was given anti-rabies serum and hyper-immune plasma. But he died of cardiac arrest on July 1.

Rabies was very, very, unpleasant to see, Dr Cohen said. "It makes one feel very strongly about maintaining quarantine in this country and keeping the disease out."

Everyone entering the room where Mr Apps was treated had to wear masks, gowns, covering for their feet and head, and staff in contact were vaccinated, he said.

An inquest into the death on Monday of Mr Valwynne Ingham, an agricultural scientist, a second rabies victim, will be held at St Pancras Coroner's Court today.

Man fined £400 for hiding his smuggled terrier

From Our Correspondent Southampton

A man was fined £400, the maximum under the then Act, yesterday for obstructing health officials as they searched his home for his smuggled Jack Russell terrier. The magistrates at Southampton said: "We view this with extreme seriousness because human life is very much at stake."

Alexander Horley, aged 27, a labourer, of Upton Heath Estate, Poole, Dorset, admitted obstructing two Southampton port health inspectors by concealing the terrier, which was landed without a licence by someone unknown. He was also ordered to pay £50 costs.

Mr Keith Wiseman, for the prosecution, said the case was brought under the Diseases of Animals Act, 1950. When Mr Horley arrived in Southampton

from Le Havre on December 16 he was told by officials that his two dogs, the Jack Russell and a French poodle would have to be put down, and Mr Horley agreed.

The court was told that the dogs had been destroyed. Increased penalties: The British Veterinary Association said yesterday that the offence was committed in December, so Mr Horley had faced a maximum penalty of £400 (the Press Association reports).

The Rabies Act, 1974, which came into force on February 5, the penalties now were a year in jail, or an unlimited fine, or both.

The court was told that the dogs had been destroyed. Increased penalties: The British Veterinary Association said yesterday that the offence was committed in December, so Mr Horley had faced a maximum penalty of £400 (the Press Association reports).

Top fisherman fined for having salmon

Peter Anderson, the world professional salmon fly casting champion, was fined £20 at Peebles Sheriff Court yesterday after being found guilty of possessing illegally caught salmon.

Mr Anderson, aged 49, of Hillhead, Kirkcubright, Dumfriesshire, denied the charge, which alleged that the salmon were cleek-marked with a gaff, which is forbidden on the Tweed during the close season.

Sheriff Isabel Sinclair, QC, said Mr Anderson's account of how he came by the 26 salmon sounded more like a John Buchan thriller than a normal commercial transaction.

When the police found the fish, which weighed 200lb, in his car last December, he said he had paid "Mr Bobby Smith" £55 in a car park at a Kelsie hotel, and picked the fish up from a roadside hut. He had since tried without success to find the hut and the man.

The sheriff said the court was being asked to believe that an expert angler, his life dominated by salmon, bought a load of fish unseen from a man unknown in a place unknown.

Oh Bobby Smith, where are you? she asked. "Vanished apparently into the border mists."

Wealth tax is threat to bequests, museum says

By Our Arts Reporter

The owner of what is probably the most important private collection of works by Sickert and drawings by Augustus John has told the Ashmolean Museum at Oxford that he may have to cancel his bequest of the collection and sell it to meet tax.

Mr David Piper, director of the Ashmolean, said that in his submission to the Select Committee on the Wealth Tax yesterday.

The collections and buildings of the major museums of the British universities owed their existence in most cases to private benefactions. Mr Piper said. The great anxiety of the museums was that the terms of the Wealth Tax should not discourage "the centuries-old pattern of private collecting and

private benefaction". There was no realistic alternative.

Mr Piper said difficulties would arise if the museum were asked to accept material on loan from owners seeking partial exemption. Approaches in any quantity would be impossible to meet. Owners would have to insure the pictures themselves.

The Treasury indemnity scheme, refused by successive governments.

He said: "This museum and also to my certain knowledge the Fitzwilliam at Cambridge have lost the chance of extremely valuable loans on this score; that some of the loans would in due course by gift, bequest or sale on advantageous terms, have become highly important additions to the collections, is beyond doubt."

Jury urges tighter safety after fairground death

From Our Correspondent Leeds

A girl aged 16 could not stop herself pushing her best friend out of a speeding fairground roundabout car to her death, an inquest at Leeds was told yesterday.

Janet Coulson, a dressmaker, of Kilmay Mount, Bradford, said that as the "cyclone twist" roundabout neared top speed on the last ride of the night, the centrifugal force pushed her into the outside seat of the carriage occupied by her friend, Valerie Alder. Valerie, a punch-card

operator, of Wansford Close, Bradford, slipped forward and grabbed the safety bar but it opened, and she fell out of the car head first.

The jury returned a verdict of accidental death and recommended three new safety measures suggested by Mr John Anderson, a government inspector. Mr Anderson suggested a locking device for the safety bar as well as the fitting of an angle foot well and second lower safety bars.

The James Southward, the roundabout operator, promised to fit new safety devices by this weekend.

WEST EUROPE AND OVERSEAS



A policeman taking aim from behind a parked car during the siege in Stockholm.

Stockholm bank robber shot dead

Stockholm, July 9.—A bank robber armed with a sub-machinegun was shot dead today and his two fellow-robbers were captured after a two-hour siege and gun battle in Stockholm.

According to the police account, the robbers, disguised in woollen hoods, entered the

bank at noon, fired several shots and forced a cashier, at gunpoint, to hand over cash to the value of £18,000 in Swedish and foreign currencies.

As the men ran from the bank with the money, a car with false licence plates drew up. But it drove off at high speed when the driver apparently spotted police converging on the scene. The robbers then ran off, shooting at random to deter pursuers, and took cover in an empty building near by.

Police cordoned off the area, calling in reinforcements. At this stage nobody was thought to have been injured.

As fire engines and ambulances drove up, the police appealed to the robbers to surrender, but the call was refused. The siege continued for about two hours with a helicopter hovering overhead. Then armed police went in under cover of tear gas, capturing two of the robbers.

Police said they found the dead man shot through the head, when they stormed the building. The authorities had believed there were only two robbers involved.

It was unclear whether the dead man was killed during the siege on the building or died of wounds inflicted earlier.—UPI.

Mr Rabin has 'no deadline' for reaching accord with Egypt

From Gretel Spitzer Berlin, July 9

Mr Rabin, the Israeli Prime Minister, said in Berlin today that there was a slight hope for an interim agreement to be achieved with Egypt, but it had to be a clear step towards peace, and both sides should be willing to compromise.

Mr Rabin was answering questions at a press conference in a West Berlin hotel early today. The most extensive security measures that the city has experienced since the end of the war were in force. A United States helicopter was circling overhead, adding a touch of a siege atmosphere. Axious people were asking what had happened.

Mr Rabin told reporters that it was too early to say whether and when an interim agreement could be achieved.

He said the talks had been solved since the talks began, but not the key issues, he said. These were that an agreement should specify its minimum duration; it should include provisions for early warning systems to prevent surprise attacks on Israel less possible; and the Arab boycott of Israel should be ended and signs for a real peace should be set.

"If the agreement is to be a step towards peace it cannot just be a military agreement," Mr Rabin said.

Asked whether his meeting with Dr Kissinger, the United States Secretary of State, in Bonn on Saturday meant that Israel accepted earlier stipulations, Mr Rabin said: "It does not mean that the Israeli Cabinet has taken up any proposals except its own."

Israel was ready to negotiate as long as it was necessary to reach an agreement, "but we have no deadline and see no reason for a deadline."

Israel was ready to attend the Geneva Conference on the Middle East, provided everything was carefully prepared beforehand to the last point. Otherwise it would be only a United Nations mini-assembly with just more rhetoric. He reassured that Israel would not accept the participation of the Palestine Liberation Organization whose declared aim was the destruction of Israel.

Mr Rabin would not say which issues he intended to clarify with Dr Kissinger. He did not think it advisable to go into details before the negotiations.

On Dr Kissinger's demands that Israel should take some risks, Mr Rabin said: "First I would advise the representatives of the United States to call upon the two sides." So far Israel had at best been treated to words. "We have to bear in mind who takes risks and what

risks." Israel had already made concessions about territory and the oilfields.

Before leaving for Bonn Mr Rabin called on the Jewish community in Berlin. Prayers for the dead were said at the memorial at the back of the Jewish community building. Mr Rabin laid a wreath on the building's blue carvations, the Israeli colours.

Dan van der Vat writes from Bonn: Mr Rabin landed on the Chancellery lawn in Bonn by helicopter today and went straight into talks with Herr Schmidt, the West German Chancellor.

The main theme of their discussion was, inevitably, the search for a peaceful solution to the Middle East conflict. The West German Government has said more than once in recent weeks that while it has no ambition to be a mediator, it does not wish to stand on the sidelines either.

Another matter the two sides are discussing is the state of relations between Israel and West Germany. Their "special relationship" is not quite so heavily emphasized in Bonn now as the West Germans improve economic and political relations with the Arab world. The Israeli word for West Germany is "the Middle East" policy is now "even-handedness" between Arabs and Israelis.

Tunisia angered by EEC curb on olive oil

From Our Own Correspondent Brussels, July 9

A strong protest by the Tunisian Government against an EEC move to discourage imports of olive oil, is likely to cause a further delay in the conclusion of free trade agreements with a number of Mediterranean countries.

The EEC move for an immediate 47 per cent increase in the minimum price for olive oil imports was agreed by ministers of agriculture of the Nine in Luxembourg a fortnight ago.

With a series of other measures, it was designed mainly to protect Italian farmers.

An emergency meeting in Brussels yesterday, between Tunisian and EEC officials, the Tunisians protested that the increase in the minimum import price amounted almost to a ban on their olive oil exports to the Community.

Solomonic judgment on Comores independence

From Richard Wigg Paris, July 9

The French Cabinet today awarded a Solomonic judgment over the islands of the Comores archipelago, three of which unilaterally declared their independence from France on Sunday.

France has assured these three islands in the Indian Ocean—Grande Comore, Anjouan and Moheli—that they will obtain the transfer of powers and independence, while the fourth island, Mayotte—which strongly wishes to remain French, has been told in an official declaration that: "The wishes of the inhabitants will be taken into account."

Although the Government spokesman after the Cabinet meeting refused to be more explicit, the statement does

also say France will take into account the expressed wish of the five deputies of Mayotte, whose 40,000 inhabitants are chiefly Christian (whereas the bulk of the archipelago's total population of 290,000 are Muslims), to follow the procedures laid down by the French National Assembly last month.

These laid down a further electoral consultation, island by island, on whether to stay with France or not before final independence.

In addition, the Cabinet statement rebuffed the local Government of M. Ahmed Abdallah, who had himself voted chief of state by the islands' Assembly earlier this week. Although the Mayotte deputies also remain democratically elected in Paris, the island's Parliament, it said, had, by the unilateral declaration, "chosen to set aside the legal procedure set up" for independence.

Claim dismissed in French abortion case

From Our Own Correspondent Paris, July 9

A claim by a patient against Professor Claude Duval, a gynaecologist, for refusing to perform an abortion operation earlier this year, was dismissed by a Rouen court today. The patient was ordered to pay the costs.

Professor Duval had argued at a hearing last month that the new law on abortion expressly provided for the doctor's right in conscience to refuse to perform such an operation.

The court today declared that it was "not competent" to fine the doctor a symbolic one franc (11p) damages in an accompanying third-party action brought against him by an organization on the ground that he was an employee of a public hospital.

Mme Renée Capron, aged 21, the claimant, had accused Professor Duval of "non-assistance to a person in danger," maintaining that he had not notified her of his intention not to attend to her within the limits laid down by the law.

Giscard call for monetary summit

From Our Own Correspondent Paris, July 9

President Giscard d'Estaing has proposed the holding of an informal summit conference of the leaders of the western industrialized countries in Paris this autumn to discuss monetary and economic problems.

In an interview with the American Hearst chain of newspapers, the President said that in his view it was not the future price of petrol but rather the western world's monetary structure that was the West's essential problem today. His basic argument was that to combat the economic recession, accompanied by inflation, monetary solutions were required.

What the world is calling now a crisis of capitalism is in reality a monetary crisis," he was quoted as saying.

M. Giscard d'Estaing's call for an international gathering to tackle jointly one of the West's main problems was copied yesterday by M. François Mitterrand, the Socialist leader. He in turn advocated the urgent calling of a conference of the European Community countries to

agree a simultaneous re-stimulating of their economies in order to counter the recession.

M. Mitterrand proposed that measures should be adopted to achieve an average 2 per cent increase in national consumption levels in order to relaunch industrial investment and create job opportunities in Europe.

M. Mitterrand used his press conference to reply to President Giscard d'Estaing's optimistic broadcast last month to the French people before the holidays. He remarked acidly that President Hoover had in 1929 promised that prosperity was "just around the corner."

The measures of M. Fourcade, the Economics Minister, had proved too timid to encourage French industrialists to reinvest, M. Mitterrand went on. He challenged M. Giscard d'Estaing's unemployment figures and claimed that France would by the end of the year have between 1,200,000 and 1,500,000 jobless if the Government continued its present "dangerous" economic policies.

M. Mitterrand mentioned the warning given on the previous

Mr Callaghan to meet Gen Amin today after quiet Uganda welcome

From David Spanier Diplomatic Correspondent Kampala, July 9

Mr Callaghan, the Foreign Secretary, accompanied by Mr Bula, the Foreign Minister of Zaire, who has offered to speak on Britain's behalf to President Amin of Uganda, arrived in Kampala today. It was a subdued welcome, to put it mildly.

Mr Callaghan's RAF aircraft landed at Entebbe, the only aircraft in sight, to be met by Mr Juma Ory, the Ugandan Foreign Minister.

He was given a brief round of clapping by the dozen or so people round the boarding area. Mr Bula clasped Mr Ory with both hands in traditional African greeting.

Then Mr Callaghan came down the steps looking sombre. He did not in fact know what kind of reception to expect, but carried off the occasion with dignity, shaking everyone's hand briefly.

He then drove off with Mr John Hennessy, the acting High Commissioner.

General Amin, meanwhile, was returning to a triumphal welcome tonight from a visit to Kenya. All the dignitaries and diplomats were commanded to be in attendance at the football field to greet him.

Mr Callaghan, who was seeing Mr Ory tonight, is to meet President Amin tomorrow to discuss the release of Mr Denis Hills, the British lecturer, tomorrow morning. By this time Mr Bula will have put in his word.

The significant development in the Hills case today was that President Mobutu of Zaire proposed sending Mr Bula to Kampala to speak to General Amin, an offer which Mr Callaghan immediately accepted. At which breakfast meeting today in Kinshasa Mr Callaghan found a very valuable support in his difficulties.

President Mobutu, who had been entrusted with the case by General Amin, said he was anxious to help to secure the release of Mr Hills on humanitarian grounds. He was not, however, prepared to enter into any bargaining over the matter on such questions as reparations, economic aid, or military supplies.

The position of British people living in Uganda was also discussed. President Mobutu again offered his understanding and help.

Mr Bula, who was appointed Commissioner for Foreign Affairs only recently, has lived and studied in the Soviet Union, and worked in commerce and as a journalist in Zaire.

He was understandably cautious about his chance of persuading General Amin to release Mr Hills. He has also noted a number of British concerns, including economic reparations for the Ugandan Asians and others.

President Mobutu believes that the Ugandan President is more kindly. The Zairean concern is that as chairman of the Organization of African Unity, General Amin is "the leader of Africa" and that therefore

it is important that he emerges from the affair in a good light. Mr Callaghan, for his part, sees the release of Mr Hills as unconditional. No offsetting arrangement will be discussed. Mr Hills' release is the necessary first step in the process of restoring good relations in which Britain is the injured party.

The Foreign Secretary determined that if the British High Commission is to be in Uganda and do its job, it must from now on be accurate all the respect due to Relations cannot continue if they were before.

One thing that has emerged from this visit already is sudden improvement in relations between Britain and Zaire. Mr Bula has accepted an invitation to come to London and will obviously be a welcome guest.

Michael Knipe writes from Nairobi: At a press conference with President Kenyatta, before leaving Kenya today, President Amin denied reports that President Siad Barre of Somalia had asked him to step down as president and become chairman of the Organization of African Unity in favour of President Machel of Mozambique.

He said his visit to Somalia had been to acquaint himself with the problems which President Barre faced during a period of chaos. "A major wish is to see that OAU summit meeting in Kampala ends on a happy note, that the decisions taken there are implemented."

Labour in dilemma on Europe

From George Clark and Michael Horsby Strasbourg, July 9

The European Parliament today launched into what promised to be a marathon debate on proposals for the political union of the EEC.

It thus confronted Mr Michael Stewart's newly arrived Labour Party delegation with a dilemma which it decided to resolve by abstaining on the vote to be taken tomorrow. The Labour MPs will argue that they need more time to study the proposals.

The debate was on a motion tabled by Mr Albert Bertrand, a Belgian Christian Democrat, on behalf of the political affairs committee. It calls, among other things, for the establishment of "a single, decision-making centre which will be in the nature of a real Government, independent of national governments" and responsible "to a directly elected European Parliament."

The concept of political union, towards which European heads of government promised to make further progress at the summit meeting last December in Paris, would require the surrender of some of the powers of national governments and parliaments.

The surrender would be in favour of what Mr Bertrand today described as a "joint exercise of sovereignty." This is another many Labour MPs who fear that Britain would be absorbed into an undemocratic European super-state.

One of the key proposals of the Bertrand motion is that the powers should be transferred to the direct election of the European Parliament by the end of 1978. Mr Bertrand said that he regarded realization of this as a test of the political will of the governments of the EEC member states to achieve full union.

Turning to the Labour Party delegation, Mr Bertrand said that with the referendum on EEC membership now out of the way he hoped that pressure would be brought on Mr Wilson to commit Britain to introducing direct elections in 1978 when he takes part in the summit of European heads of government in Brussels later this month.

Mrs Gwyneth Dunwoody, Labour MP for Crewe, who was unable to take part in the debate, said after Mr Bertrand's speech: "His report and that from the commission on political union raise very real problems for the British Parliament and people."

Parliamentary report, page 12

Portugal's soldiers tighten their grip

From Henry Giniger Lisbon, July 9

In an apparent victory for General Conzelmann, the Portuguese Prime Minister, and the Communist Party, the armed forces today pushed the Portuguese revolution a step further towards a people's democracy under military control.

The Armed Forces Movement's general assembly of 240 officers and men published an elaborate plan for direct links between the military and the people and for "popular participation in the march towards socialism through people's assemblies at all levels."

The plan for direct democracy, which leadership would be chosen and decisions taken by a show of hands, was launched at a time when a constituent assembly elected by universal suffrage was discussing a constitution for a republic in which the people would exercise sovereignty through political parties elected to a national assembly.

The move by the armed forces provoked consternation among the moderate parties that dominate the national assembly as a result of their sweeping electoral victory in April. Some Socialists talked of a Putsch and members of the centrist Popular Democratic Party said it was a violation of a pact between the

armed forces and the parties. The Armed Forces Movement's general assembly anticipated the apprehension that its decisions would curtail the role of the civil service, neither at ignoring the party devoted to socialism, nor militarizing the people."

The formation of popular organs tied directly to the armed forces, however, raises questions among moderate groups about the future of the military has often referred to as formal or indirect democracy.

Two parallel states, that for at various points, are being created, with the militia dominant in both. In the one to be formed through a constituent assembly, the ruling body would be the Supreme Council of the Revolution, 30 officers who are answerable only to the Armed Forces Movement's general assembly.

The Supreme Council of the Revolution would also be a supreme organ of national sovereignty. Whereas the military role was supposed to be for a transitional period of three to five years, however, nothing is now said about its duration of the military role. The implication is that the military role will be permanent and the Armed Forces Movement would go indefinitely.—New York Times Service.

Uneasy interlude for the Italian Government

From Peter Nichols Rome, July 9

Signor Aldo Moro's coalition looks sicker than any time since the shock 24 days ago when the Communists made massive gains in the regional elections. He has been assured that the crucial Socialist Party support will not for the moment be withdrawn.

So much emerged last night from a meeting with Signor Pietro Nenni and Signor Francesco De Martino, the chairman and secretary of the party. The Socialists are understood to have told the Prime Minister that they did not favour the fall of the present government and would support it for the time being on the basis of considering their attitude to individual issues.

The coalition of Christian Democrats and republicans is a minority administration and depends for its survival on the good will of Social Democrats and Socialists.

The present Socialist attitude is scarcely encouraging, however. It is clearly intended to do no more than avoid the collapse of the Christian Democrats, the principal partner, the chance to face up to the implications of the Communist gains.

The fate of the Government and of the Christian Democratic Party are now more closely involved than usual. The Christian Democrats have headed every Government for three decades and have grown accustomed to seeing their administrations reflect the state of affairs within the party. But this time there is a qualitative change in both fields.

The Government—or some government—must urgently take in hand the promised measures for aiding the economy. Despite the optimism of the early summer, the bleak facts are that industrial production is down by 18 per cent, the estimated number of unemployed has reached 1,500,000 with many men on short time. The Socialists, even if they have not abandoned the Government, are calling for emergency action to meet the emergency.

Within the Christian Democratic Party there is some recognizable movement, but it is slow and so far gives little indication of the effort required by the governing

party to regain public confidence. Signor Amintore Fanfani, the party secretary who posed a conservative approach on the Christian Democrats when, as the results showed, the country was shifting left remains at his post while he seeks manoeuvrings of his own to justify the party's position not to admit the defeat is defeat.

He was immediately attacked by the left wing of his party, but the real menace to his position comes from the faction which includes much of the centre and the right. One of the leaders of this group, Signor Flaminio Piccoli, made a speech to the Christian Democratic parliament widely taken to be a claim to the secretaryship.

Certainly he adopted a different attitude to that of Signor Fanfani. The Socialists are happy today at his suggestion of a "special" relationship with them, an idea that Signor Fanfani has specifically rejected.

But it was the Socialists who, among others, found Signor Piccoli too far to the right in 1963 when he held the secretaryship for a brief and undistinguished period. He is still widely regarded as having the stamp of reaction on his mental outlook. He would need, moreover, the solid support of his own faction, which by no means something which he could automatically count on.

One of his most powerful associates, Signor Antonio Bisaglia, who holds the Ministry for State Participation, repeated last night that he believes the Government should be brought down in order to clear the field for a thorough reappraisal, an attitude not shared by the majority of the faction.

The impression is of a party which is seeing power pass through its fingers without being able to take a firm grasp of what remains.

The full reaction of the party to the succession of blows which began with the historic defeat in May last year of its effort at repealing divorce legislation, and continued in the Community vote last month when the victory was clear, is not yet clear. The National Council is due to meet.

OVERSEAS

Argentine president's rival in strong position to take over

From Jane Monahan
Buenos Aires, July 9

The Government of President Isabel Peron suffered two major defeats in Argentina yesterday. It gave in to organized labour by ratifying wage increases that had been personally vetoed by the President 10 days ago, and then senators, in direct defiance of the President's wishes, put Senator Leopoldo Luder, a staunch Peronist and a political rival, in line for the presidency when Senator Peron ruled out 1955. It emphasizes the importance of conciliation, dialogue and unity in direct contrast to the self-reliant style of Senator Luder.

His election was strongly backed by the principal opposition party, the Radical Civic Union, and behind the scenes by important members in the Senate. Over the past two hectic weeks, the Peronists have constantly emphasized their preference for a constitutional rather than a violent way out of the country's economic and political crisis.

Both the victory of organized labour and the defeat of the Peronists represent a clear break in the tight circle of power formerly held by Senator Peron's private secretary and Social Welfare Minister, Senator Jose Lopez Rega. He was widely believed to have been behind the austerity plan of Senator Leopoldo Luder, the Economy Minister, which involved increases of up to 300 per cent and the country's biggest devaluation of the peso.

However, this plan has now gone by the board. Also, with Senator Luder now at the head of the Senate, the line of succession no longer runs straight through to Senator Lopez Rega's son-in-law, Senator Raul Lastiri, the present head of the Chamber of Deputies.

In return for the ratification of his freely negotiated wage agreements, the General Confederation of Labour (CGT) which held one of the most effective general strikes Argentina has seen, cut short the 48-hour stoppage and told workers to resume their jobs at 2 pm yesterday, 10 hours short of the original midnight deadline.

The CGT also has promised that every month each worker will donate a day's pay to strengthen the national economy.

The powerful organized labour movement also sought



Leaders of organized labour in Argentina, at a meeting in Buenos Aires, show their delight after approving a Government offer granting most of their wage demands, which enabled them to call off a general strike.

to soften the blow they had dealt by striking against the Government, of which they form part, by ratifying their support for the President. This gesture clearly suggests it does not want to continue the political struggle with Senator Lopez Rega—at least not publicly; and all the signs are that this task has now been taken up by Congress, with the support of the armed forces behind the scenes.

On Monday, for example, Peronist allies in the ruling coalition front, backed by opposition parties, issued a statement

calling for the "definitive dismissal of those ministers and officials responsible for having steered the country away from the programmes voted for in 1973".

These demands for resignations were aimed directly at Senator Lopez Rega. They follow a wave of criticism against him, ranging from allegations by the Armed Forces that he is responsible for the right-wing "death squad" which has assassinated more than 100 people over the past year, to a challenge by a Peronist senator who called on the Social Welfare Minister to face him in a duel.

The senator said Senator Lopez Rega was "one of those to blame for the present crisis, which could lead to a blood bath".

In spite of the mounting opposition, sources indicated that Senator Lopez Rega would continue as the President's private secretary and also hold the key post of Secretary of State to the presidency at the end of his term until his resignation was confirmed by the President or his successors appointed.

Tamils refuse to toe the line laid down by Mrs Gandhi in Delhi

From Peter Heathcote
Madras, July 9

The majority of Indians appear to have accepted the sudden loss of many of their democratic rights without much show of resistance, but the 40 million Tamil nationalists in the sensitive southern state of Tamil Nadu have been flouting many of the directives of the central Government during the past two weeks.

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Ford victory on arms for Turkey

From Our Own Correspondent
Washington, July 9

President Ford succeeded this morning in persuading the House of Representatives to lift the ban on the sale of arms to Turkey.

The Foreign Affairs Committee will have to hold hearings on the matter and submit a Bill to the full House, and the pro-Greek lobby will do its best to frustrate the President again.

Mr Ford invited 100 Congressmen to breakfast at the White House to win them over to a compromise on the issue. The ban affects both the sale of arms and military aid, and Mr Ford proposed that sales should now be permitted with aid remaining suspended.

Turkey has already paid for about \$70m (about £32m) worth of arms and has been demanding their delivery. The Turks have also been threatening to close the American bases in Turkey and have demanded that talks on the bases should begin on July 17.

Dr Kissinger, the Secretary of State, who has devoted much time to trying to change Congress's view, also warned Turkey that the alliance between the two countries was a two-way affair. America would be ready to end it if the Turks decided to go any longer in their national interest.

The Senate has already agreed to suspend the ban on arms.

Ankara, July 9.—Turkey and the Soviet Union today signed a \$700m credit deal. In Ankara, relations with the East European countries.

Russia will supply parts and machinery for a fourfold expansion of the big Soviet-built Iskenderun steel mill, near the Turkish-Syrian border. Parts and equipment for an aluminium plant and two thermal power stations will also be supplied.—Reuter.

Oil firm admits getting money from CIA

From Frank Vogl
US Economics Correspondent
Washington, July 9

The Ashland Oil Company, the fifth largest company in the United States, disclosed in a 400-page report to the Securities and Exchange Commission (SEC) that it received \$38,968 (about £44,400) from the Central Intelligence Agency (CIA) in the five years to March, 1973.

This disclosure adds a new twist to what has already become a sensational series of revelations about the secret uses of huge funds by giant multinational companies.

Many large United States companies have been charged by federal Government prosecutors with making illegal domestic political campaign contributions, and SEC investigations have shown that many of these companies gave large bribes to foreign politicians and government officials.

The latest SEC investigation has produced evidence that some foreign activities of United States companies have directly involved the CIA.

It would appear that the money received by Ashland from the CIA was a reimbursement of salaries that Ashland had paid to CIA agents abroad, who had posed as Ashland executives.

Senator Frank Church, as chairman of the Senate committee on multinational companies, has been investigating the illegal uses of company funds for political payments

South Africa faces national strike by white miners

From Nicholas Ashford
Johannesburg, July 9

South Africans, who tend to regard Britain's unyielding labour scene with a mixture of incomprehension and horror, have suddenly been faced with the prospect of a national strike by their own miners.

If it took place it would be the first big industrial dispute since 1947.

The dispute is basically over union demands for a five-day week for the 18,000 whites who work in the gold and coal mines. But, like almost everything else in this country, the issue has strong racial undertones. If the strike did take place, and there is still a lengthy and complex conciliation procedure to go through before it could lead to a serious outbreak of racial unrest.

Negotiations between the white coal mining unions and the Chamber of Mines, which represents the employers, today ended in deadlock and the mine workers declared a dispute, which is the first move towards a strike.

The chamber is not opposed to the principle of reducing

Honduran call to seize US banana business

From Our Correspondent
New York, July 9

A commission appointed by President Juan Melgar Castro of Honduras has recommended nationalization of the entire Honduran holdings of the two giant American banana companies, the United Brands Company and the Standard Fruit Steamship Company. It proposes cancellation of their banana concessions.

The commission was set up in May, after a series of sensational revelations about United Brands's practice of bribing foreign officials. In the course of which the chairman of the company, Mr Eli Black, jumped to his death from a Manhattan skyscraper.

The commission claimed that nationalization would permit the Government to export more than a million tons of bananas each year and recover "the important position" Honduras held in the world banana market until last year's disastrous floods.

Secret report on agency's illegal activities

From Patrick Brogan
Washington, July 9

A secret report on the illegal domestic activities of the Central Intelligence Agency (CIA) was released last night. This was the original document prepared by Mr William Colby, the CIA director, last December after disclosures in *The New York Times*.

It was submitted to the President and its inadequacies led to the setting up of the Rockefeller Commission, which discovered many facts that Mr Colby had neglected to report or to report thoroughly. The document has been released in the hope that it will force the CIA under the Freedom of Information Act would probably force its publication eventually.

There is very little in the Colby report that was not disclosed in the Rockefeller report. A striking feature is the way in which CIA directors deceive their employees.

Mr Colby's report to the President insists that he had often deplored illegal activities, in internal memoranda, and had asked his staff to inform him of any doubts they might have had.

One of the memoranda, dated April, 1972, by Mr Colby, who was executive director, states: "From time to time some of our employees express concern over various allegations or rumours of CIA activities in the United States."

The attached memorandum is designed to clarify this subject so that supervisors can authoritatively reply to any employee indicating such concern. This memorandum consists of quotes from speeches made by Mr Richard Helms, the CIA's director, flatly denying that it conducted any domestic "internal security functions".

In a speech to his staff, Mr Helms said: "You can rely on those denials. They are true. The memorandum lists all

18 guilty in Lesotho treason trial

From Our Own Correspondent
Johannesburg, July 9

Eighteen supporters of Lesotho's opposition Basutoland Congress Party were found guilty of high treason in the High Court of Maseru, the capital, today.

They were alleged to have taken part in an abortive attempt to overthrow the Government of Chief Leabua Jonathan in January last year when a number of police stations were attacked in various parts of the country. Originally 45 men were charged with treason, but 27 were later discharged for lack of evidence.

Apart from the 18 convicted of treason, two others were found guilty of conspiring against Lesotho's Internal Security Act and another two were cleared. Sentence is expected to be passed on Friday.

Canberra loans inquiry possible

From Our Correspondent
Melbourne, July 9

Despite a display of confidence in the special sitting of Parliament today, Mr Malcolm Fraser, the Leader of the Opposition, and his deputies were unable to produce any damaging new evidence or accusations against the Government's efforts to raise loans overseas.

Early today there were long queues seeking admission to the public gallery of Parliament House in Canberra. When the House convened, people throughout Australia were listening to their transistor radios at home, offices and even in public transport more like at a Melbourne Cup day than during a session of Parliament.

Mr Whitlam, the Prime Minister, spoke with confidence, discharging any allegations that there was anything suspect or even unusual in certain ministers seeking loans through overseas intermediaries.

Ambassadors to see two space takeoffs

Cape Canaveral, Florida, July 9.—The Apollo-Soyuz space rendezvous mission won a diplomatic breakthrough today while final preparations were made for the Soviet-American venture.

Mr Walter Stoessel, the United States Ambassador, had accepted an invitation to visit the Soviet cosmodrome at Baikonur in Central Asia for the launch of Soyuz next Tuesday.

The United States Space Agency announced that Mr Anatoly Dobrynin, the Russian Ambassador, will fly to the launch site at Cape Canaveral to see the Apollo astronauts take off.—UPI.

SPORT

Horse show Another triumph for Pennwood Forgemill

By Pamela Macgregor-Morris

Neither the holder of the Edward, Prince of Wales Cup, Highfield Diplomat, nor the Royal champion, the part-percheron Black Fox Royalist, was present. As with the ridden horses, all these ones will meet next week at Peterborough's East of England Show for the definitive assessment of the season.

In the brood mare section, the Royal champion, Quiksilver, is by the premium stallion Evening Trial, met her match in the light-weight winner Rouge Croix, who was bred in Devonshire by Norman Skinner and was champion filly at both the National Hunter Show and the Royal. Skitter and tried across country, she failed to make the grade as a three-day event horse but could well be as illustrious as the much-garlanded Rouge Croix.

Another head to fall was that of the champion mare at the National Hunter Show, Cathy Garnette, who at least had the consolation of breeding the winning foal by Sir Nauli.

That the produce groups were headed by the progeny of Max Abram's Foxstar, who was this year deprived of his premium at Newbury because he had not reached and knocked a front joint before being judged. He is now among the nine stallions standing at the owner's stud near York but he is outside the premium scheme.

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THE ARTS

Mia Farrow to join RSC

Mia Farrow is to play the title role in the Royal Shakespeare Company's production of *Harley Granville Barker's comedy The Merry Men* when it opens at the Aldwych Theatre on September 18. The *Merry Men* will be directed by David Jones, and designed by Timothy O'Brien and Tazewell Pirth.

This is Miss Farrow's first role for the RSC. She was most recently seen on the London stage in *The House of Bernard Alba* and as Irena in *Three Sisters*.

She recently completed filming *Peter Pan* with Danny Kaye for ATV.

Trevor Nunn's production of the Royal Shakespeare Company in Henrik Ibsen's *Hedda Gabler* is to open at the Aldwych Theatre on July 17. Glenda Jackson appears in the title role.

Barcelona's white palace of the arts

Roland Penrose

The opening of the Foundation Joan Miró on the heights of Montjuïc overlooking the city of Barcelona is an event which could only have been brought about by the determined courage of a small group of friends who have faith in the arts as one of the greatest sources of enlightenment and enjoyment. The Montjuïc Park is a pine-covered hill which rises near the port of the capital of Catalonia and divides the city from the sea on its south-eastern border. These heights have been chosen in past centuries for their strategic position and crowned by a fort, but it is here now that the white walls and towers of a new project dominate the city by the grace and simplicity of their architecture and the excellence of their purpose.

It is a private charitable institution which provides in the coolness of its arcades, courtyards, gardens and spacious galleries a refuge from the city that it overlooks. The visitor who can arrive easily by cable car, bus, taxi or even by a short cut on foot, will find a collection of the work of the Catalan artist Joan Miró, a sight which makes the heart dance with delight by its colour and vigorous rhythms. A great variety of works are installed in well-lit galleries and on terraces and roofs where sculptures can lavishly be displayed against the background of the city and distant mountains. There is a library of books on contemporary art, an occasional hall for music, films, plays, poetry and lectures and a cafeteria. In general it presents an atmosphere tranquil and throbbing with life.

This palace of the arts in white concrete is the realization of a dream which began some years ago. It originated in the heart of an old friend of Miró who knew him first in a local art school and who, if he had not been required to carry on his father's business in Barcelona as a distinguished hat-maker, would himself have become a painter. Joan Prats, widely known for his knowledge and understanding of the arts and an early collector of his friend's work, had a passionate desire to encourage the arts in his native city. Since the early years of this century, Barcelona has become known for having nurtured Picasso, Miró, Dalí, and Tàpies as well as a group of vigorous and inventive architects, poets and musicians. The stimulus of this local talent, which has continued to increase, gave Prats the urge to invite a group of friends with Miró as their central figure in the common desire to create a centre for the arts.

The task of realizing this project was forbidding in its proportions. In the first place it was essentially an affair of local interest and of necessity unofficial. However, the municipality, having been tactfully won over, decided to cooperate generously, not only in providing the site and the building on a 50-year lease, but also in contributing to its overheads. Of equal importance was the offer of the architect Josep-Lluís Sert to give his services free.

Until they were temporarily separated by the war, Sert and Miró grew up together. He made his first notable appearance with his design for the Spanish Republican pavilion at the World Fair in Paris in 1937 where Picasso's painting *Guernica* was displayed for the first time together with a large mural, *The Reaper*, by Miró which has since disappeared. Since then Sert's reputation as Dean of Architecture in Harvard and as the architect of buildings such as the Masgell Foundation at St. Paul de Vence has become widespread. The Miró Foundation can undoubtedly be considered as his masterpiece.

To quote from the excellent catalogue in four languages: Catalan, French, English and German, the building is "an 'open' architectural structure, a space in which the interior and exterior balance and overlap, a felicitous expression of agreement between architecture and landscape". Sert with his knowledge of the Catalan style "has created a building in which we Catalans feel at home the moment we cross the threshold".

Unfortunately, Prats himself did not live to see the building completed, but both his friends were present at the opening. The contribution made by Miró himself is fundamental. In addition to shaping the whole conception of the centre for the study and encouragement of the arts, he has generously supplied funds and more important, a splendid collection of his own paintings, sculpture, ceramics and graphic art. Also he has added to this the collection begun by Joan Prats in early days and continued throughout his life.

But it has never been Miró's desire that the Foundation should be an exclusive museum dedicated to him. Although for the opening exhibition all the galleries are given over to him, in future half of the space will be devoted to exhibitions of young artists. Already a significant sculpture by Chillida, *The Meeting Place*, has been placed in front of the building and, to quote Joan Teixidor, President of the Foundation: "The Fundació is not intended to be merely a collection of works, a memorial museum evoking a past... but also a working place, a centre of activities where everything connected with the art of our time may receive the sort of attention that will promote it and make it more widely known... we want to create a propitious atmosphere for the development of artistic expression in Catalonia."

The play does not explain how he first managed to recruit them for his hopeless little plot, and it unmasks him through confession instead of action. But Mr Keefe's dialogue, from the impoverished fantasies of the girl to the student's apologetic flashes of erudition, is precisely moulded to character: most of all in the case of Kev, an early grammar school leaver with just enough education to articulate his frustrations.

As Will Knightley plays him, lips permanently curled around an insipient snarl, he perfectly combines the double role of victim and aggressor. He remains unlikeable, but what matters is the understanding of how he has been soured. The remainder of Keith Washington's cast deftly show a comradely group splitting apart in separate directions.

Top: Library, tower and entrance to the Foundation
Joan Miró
Right: the Sculpture Gallery



CINEMAS

SCENE 2, Linc. St. (Wardour St.) 4.30, 6.15, 8.15, 10.15. *THE YOUNG MAN IN THE FOG* (A.A.). 11.15, 1.15, 3.15, 5.15, 7.15, 9.15, 11.15. *THE YOUNG MAN IN THE FOG* (A.A.). 11.15, 1.15, 3.15, 5.15, 7.15, 9.15, 11.15. *THE YOUNG MAN IN THE FOG* (A.A.). 11.15, 1.15, 3.15, 5.15, 7.15, 9.15, 11.15.

EXHIBITIONS

GLC EXHIBITIONS: Marble Hill House, Richmond. Road. Twickenham Rd. English. 10.15-5.15. *THE YOUNG MAN IN THE FOG* (A.A.). 11.15, 1.15, 3.15, 5.15, 7.15, 9.15, 11.15.

ART EXHIBITIONS

AGNEW GALLERY, 43 Old Bond St., W.1. 10.15-5.15. *THE YOUNG MAN IN THE FOG* (A.A.). 11.15, 1.15, 3.15, 5.15, 7.15, 9.15, 11.15. *THE YOUNG MAN IN THE FOG* (A.A.). 11.15, 1.15, 3.15, 5.15, 7.15, 9.15, 11.15.

The Val May story

Ronald Hayman

After four years as Director of the Ipswich Repertory Theatre and four years at Nottingham Playhouse, Val May intended to stay four years at the Bristol Old Vic. He had already been there six years when he was offered a job as Head of Drama for BBC Television but he decided to stay on at Bristol for the redevelopment scheme. "At Nottingham I'd been responsible for quite a lot of the planning for the new Playhouse, and I really didn't want again to spend a long time planning something marvellous to work in and then not work in it." He is now leaving the Bristol Old Vic after 14 years.

He is going to take over at the Young Audience Theatre, Guildford. They do an average of 85 per cent of capacity and probably have the highest proportion of box office take to subsidy in the country. Providing I don't immediately embark on a diet of Ibsen and Brecht, I'm fairly confident I can take the audience with me, and the Board of Management wants me to make the programme more challenging and adventurous.

At first Val May wanted to be a playwright. "I wrote about a dozen plays from the age of about seven to the age of about 14, and decided at that age that I really wasn't good enough. I then wanted to do direct film. I had to go into the Navy for National Service, and when I came out, I couldn't get into the union, because of the closed shop, so I went back to the theatre, which was my first love."

He was given a place on the directors' course at the Old Vic School. "In my first year it was actually in the Old Vic Theatre, using the backstage as classroom. The theatre had been bombed and had this great hole in the auditorium ceiling, but they'd patched it up. There were no seats, just rush matting and a few old thrones from the pre-war department, and we worked with the ghosts of the actors who'd been there in the past."

"George Devine was a rumbustious pirate of the theatre, with ruts and humour. Glen Byam Shaw was the finest, the gentle, sensitive director of beautiful productions, and Michel St Denis was your firebrand intellectual, with a great number of insights and a classical approach. The first impact I got from the three of them was of the enormous tradition of the Old Vic. You suddenly felt plugged into a terrific canvas-and-greasepaint sensation of the theatre. On the directors' course you were immediately focused on to

Gem Soho Poly

From what I know of his work Barrie Keefe seems an Orwellian playwright: at once pre-occupied with the injustice of the British class system, and with the fact that the system places its victims beyond the reach of any sympathy. He writes about footballers, pop musicians, and others who are trying to haul themselves up the ladder; but as the motive is naked self-interest, there is no great sense that they ought to succeed.

Gem, a neat, 50-minute midday piece, takes place on a cricket field on the occasion of

an insurance company's outing. The game is going on in the distance, watched by four rebels who are spurning the management's one-day hand of friendship. Their leader is Kev, a wolfish male clerk, who dreams of seeing the company humbled by Clive Jenkins, and who shoots his mouth off on sport and sex.

Kev's companions are less resolute, and with good reason. One is a student with a career ready worked out, the other has the talents that Kev boasts about. The girl secretary who gives the party its sexual focus simply switches on to the likeliest available winner from one minute to the next. You can see what is coming. Apparently the strongest to begin with, Kev is finally exposed as a pathetic loser deserted by the group.

quicker. The *Andante* sections of this movement were lovingly shaped.

With the finale Kempe gradually gave his enthusiasm its head, and the choral music sounded properly invigorating. With Brighton Festival Chorus in lusty voice (excellent soprano notes and strong tenors), and with Heather Harper, Helen Watts, Robert Tear and Norman Bailey, Kempe did not attempt to turn the work into a showcase for his orchestra, although many a beautiful solo was heard; there were even some fuzzy moments of ensemble.

Beethoven's Choral Symphony is huge enough to need no filler in the programme. It was pleasant to hear Hans Vened's light weight, spry account of Mozart's early A major piano concerto, beautifully accompanied; but it took the edge off the occasion.

RPO/Kempe Festival Hall

After 15 years with the Royal Philharmonic Orchestra (12 of them as artistic director) Rudolf Kempe leaves this week—soon to take over the BBC Symphony. As a devoted Beethovenian he decided to take his leave with two performances of the Ninth Symphony, the second of them tonight. The RPO's new chief, Antal Dorati, begins a day later with a major cycle of none other than Beethoven, ending again with the Ninth. All are agreed that Beethoven's Choral Symphony should be reserved for special occasions: this switch is certainly special, and one hopes that odious comparisons will be eschewed.

Kempe took a grand yet sober view of the work, setting sensible tempi, that could be maintained after a modicum of expressive give-and-take was allowed, and that furthered musically phrasing and articulation, especially valuable in this movement, nobly shaped, momentous, yet mindful that faster climaxes were to come.

Care for structure, and the restraint that obtains it, are hallmarks of Kempe's art. They did not discourage him from employing some familiar orchestral touches, nor encourage him to observe all repeats (his having lasted 69 minutes, about average). A very slow tempo at the start of the *Adagio* was not justified by continuity or richness of string tone: later the notes were more vividly filled, but they are shorter by then, and the pace was a trifle

under her easy touch. The pianist, Nicola Geboly, also floated through her non-quite-debut recital (she played here six years ago) with much less effort than music like Schumann's *Pupils* or Chopin's *F minor Ballade* might seem to presume. The Schumann was done with perhaps more sparkle in the fingerwork than in the fantasy. But the Chopin proved that Miss Geboly is not at all a heartless player, and far from a mindless one. Among other Chopin pieces, she also played Ravel's *Sonatina*, deftly, with discreet urgency and pleasantly varied colouring; and Haydn's *E minor Sonata* (No 34), with buoyant rhythm but a slightly brittle tone, leaving perhaps a more perfunctory impression than she intended.

This notice is reprinted from yesterday's later editions.

London debuts

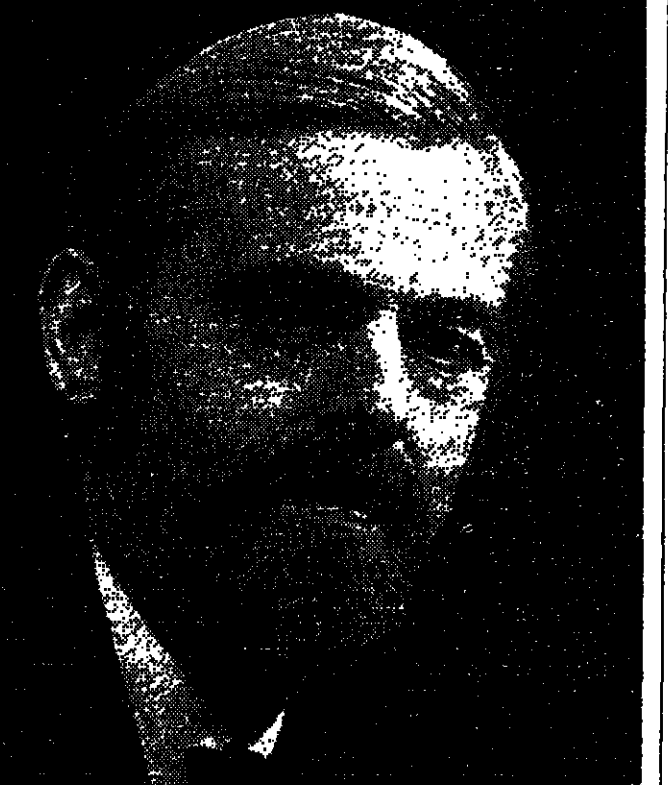
Stephen Walsh

Being a pupil of so-and-so can be rather like having cornflakes for breakfast: it doesn't actually turn you into a cornflake. But the Latvian-Mexican violinist, Rasma Liepmane, did display many of the finest qualities of her teacher, David Oistrakh. Her purity of tuning and line, in particular, went beyond what most young violinists would regard as polite accomplishment, and was as nearly perfect as made no difference. Unfortunately her programme was, to put it mildly, odd. Everything about her playing suggested a developed musical sensibility and a perfectly adequate musical brain. Yet she studiously avoided brainy or in any way spiritually taxing music, with the single exception of Bach's C major solo sonata, and that she played in a peculiar

way, with slow, precise tempi and an apparently conscious avoidance of tension.

I think everyone present would have liked to hear this gifted violinist in at least one classical duo—a Mozart or Beethoven sonata—especially with such a good pianist as Katharon Sturrock on hand. Instead Miss Sturrock had to kick her heels accompanying a Nardini concerto and Chausson's *Poème*, both of which Miss Liepmane delivered with effortless beauty of style. In the other main work, Ysaye's *Sonata Ballade* No 3 for solo violin, Miss Liepmane showed that she could play with virtuosity and a certain restrained passion. But what a pity to waste qualities like hers on this jejune bravura, which in any case hardly sounded like bravura

under her easy touch. The pianist, Nicola Geboly, also floated through her non-quite-debut recital (she played here six years ago) with much less effort than music like Schumann's *Pupils* or Chopin's *F minor Ballade* might seem to presume. The Schumann was done with perhaps more sparkle in the fingerwork than in the fantasy. But the Chopin proved that Miss Geboly is not at all a heartless player, and far from a mindless one. Among other Chopin pieces, she also played Ravel's *Sonatina*, deftly, with discreet urgency and pleasantly varied colouring; and Haydn's *E minor Sonata* (No 34), with buoyant rhythm but a slightly brittle tone, leaving perhaps a more perfunctory impression than she intended.



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PUBLIC AND EDUCATIONAL APPOINTMENTS

GLAMORGAN-GWENT

ARCHAEOLOGICAL TRUST

The Trusts wish to appoint a **DIRECTOR** and an **ASSISTANT** for the newly formed Glamorgan-Gwent Archaeological Trust.

Candidates should have a degree or other qualification in Archaeology and be experienced in fieldwork programmes. Salary: Director £12,000 p.a. (plus 10% threshold payments); Assistant £8,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: F. V. Webster, Dept. of Extra-Mural Studies, 38/40 Park Place, Cardiff CF1 3BB.

Completed applications, with three references, should be received by 8th August 1975.

University of Glasgow

DEPARTMENT OF BOTANY

AND CHEMISTRY

Applications are invited from qualified persons for the post of **Senior Lecturer** in the Department of Botany and Chemistry. The successful candidate will be responsible for the teaching and supervision of students in the Department of Botany and Chemistry. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Botany and Chemistry, University of Glasgow, Glasgow G12 8QQ.

UNIVERSITY APPOINTMENTS

The University of Manchester

SENIOR LECTURER

IN SOCIAL ADMINISTRATION

AND SOCIAL WORK

Applications are invited from qualified persons for the post of **Senior Lecturer** in the Department of Social Administration and Social Work. The successful candidate will be responsible for the teaching and supervision of students in the Department of Social Administration and Social Work. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Social Administration and Social Work, University of Manchester, Oxford Road, Manchester M13 9PL.

Elisavete College

SCHOOL OF THE FOUNDATION

ASSISTANT DIRECTOR

OF MUSIC

Applications are invited from qualified persons for the post of **Assistant Director of Music**. The successful candidate will be responsible for the teaching and supervision of students in the School of the Foundation. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, School of the Foundation, Elisavete College, London E1 6AN.

HEAD OF PHYSICS

Applications are invited from qualified persons for the post of **Head of Physics**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Physics. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Physics, University of Glasgow, Glasgow G12 8QQ.

EFL TEACHERS

Applications are invited from qualified persons for the post of **EFL Teachers**. The successful candidate will be responsible for the teaching and supervision of students in the School of the Foundation. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, School of the Foundation, Elisavete College, London E1 6AN.

UNIVERSITY APPOINTMENTS

University of Newcastle

DEPARTMENT OF BIOCHEMISTRY

SENIOR LECTURER

ON LECTURES

Applications are invited from qualified persons for the post of **Senior Lecturer on Lectures** in the Department of Biochemistry. The successful candidate will be responsible for the teaching and supervision of students in the Department of Biochemistry. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Biochemistry, University of Newcastle, Newcastle NE1 7RU.

University of Hull

INSTITUTE OF HEALTH

RESEARCH POST

Applications are invited from qualified persons for the post of **Research Post** in the Institute of Health. The successful candidate will be responsible for the teaching and supervision of students in the Institute of Health. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Institute of Health, University of Hull, Hull HU6 7RX.

University of Hull

APPOINTMENT OF

DIRECTOR

OF NURSING STUDIES

Applications are invited from qualified persons for the post of **Director of Nursing Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Nursing Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Nursing Studies, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

ELECTRONICS

Applications are invited from qualified persons for the post of **Department of Electronics**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Electronics. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Electronics, University of Hull, Hull HU6 7RX.

University of Hull

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PHYSICS

Applications are invited from qualified persons for the post of **Department of Physics**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Physics. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Physics, University of Hull, Hull HU6 7RX.

University of Hull

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CHEMISTRY

Applications are invited from qualified persons for the post of **Department of Chemistry**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Chemistry. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Chemistry, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

MATHS

Applications are invited from qualified persons for the post of **Department of Maths**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Maths. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Maths, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

COMPUTER STUDIES

Applications are invited from qualified persons for the post of **Department of Computer Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Computer Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Computer Studies, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

ARTS

Applications are invited from qualified persons for the post of **Department of Arts**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Arts. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Arts, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

TEACHER EDUCATION

Applications are invited from qualified persons for the post of **Department of Teacher Education**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Teacher Education. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Teacher Education, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

LIBRARY STUDIES

Applications are invited from qualified persons for the post of **Department of Library Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Library Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Library Studies, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

LEGAL STUDIES

Applications are invited from qualified persons for the post of **Department of Legal Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Legal Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Legal Studies, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

PHILOSOPHY

Applications are invited from qualified persons for the post of **Department of Philosophy**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Philosophy. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Philosophy, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

RELIGIOUS STUDIES

Applications are invited from qualified persons for the post of **Department of Religious Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Religious Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Religious Studies, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

CLASSICAL STUDIES

Applications are invited from qualified persons for the post of **Department of Classical Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Classical Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Classical Studies, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

MODERN LANGUAGES

Applications are invited from qualified persons for the post of **Department of Modern Languages**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Modern Languages. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Modern Languages, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

STUDY SKILLS

Applications are invited from qualified persons for the post of **Department of Study Skills**. The successful candidate will be responsible for the teaching and supervision of students in the Department of Study Skills. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Study Skills, University of Hull, Hull HU6 7RX.

University of Hull

DEPARTMENT OF

GENERAL STUDIES

Applications are invited from qualified persons for the post of **Department of General Studies**. The successful candidate will be responsible for the teaching and supervision of students in the Department of General Studies. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of General Studies, University of Hull, Hull HU6 7RX.

UNIVERSITY APPOINTMENTS

University of Papua New Guinea

(PORT MORESBY)

ASSOCIATE PROFESSOR/SENIOR LECTURER/

LECTURER IN MICROBIOLOGY

Applications are invited for the following posts:

Applicants should be microbiologists with wide teaching and research experience, and preferably with previous university experience. The successful candidate will be responsible for the teaching and supervision of students in the Department of Microbiology. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Microbiology, University of Papua New Guinea, Port Moresby.

SENIOR TUTOR/TUTOR IN OBSTETRICS AND

GYNAECOLOGY

Applications are invited for the following posts:

Applicants should be qualified medical practitioners. This position is in the Department of Obstetrics and Gynaecology. The successful candidate will be responsible for the teaching and supervision of students in the Department of Obstetrics and Gynaecology. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Obstetrics and Gynaecology, University of Papua New Guinea, Port Moresby.

UNIVERSITY OF SURREY

SECRETARY TO VICE-CHANCELLOR

On 1 October 1975 the new Vice-Chancellor, Dr. A. Kelly, P.R.S., will take up his duties.

He needs a secretary to look after the running of his office and to deal with the many appointments, visitors, and correspondence which he will have. All the usual secretarial skills will be needed combined with a mastery of English and a good knowledge of the University. The salary will be £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Administration, University of Surrey, Guildford, Surrey GU1 2XH.

University of Newcastle

UPON TYNE

READERSHIP IN THE

DEPARTMENT OF

PHYSIOLOGY

Applications are invited for the following posts:

Applicants should be qualified in the field of Physiology. The successful candidate will be responsible for the teaching and supervision of students in the Department of Physiology. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Physiology, University of Newcastle, Newcastle NE1 7RU.

University of Zambia

PROFESSOR OF

LITERATURE AND LANGUAGES

Applications are invited for the following posts:

Applicants should be qualified in the field of Literature and Languages. The successful candidate will be responsible for the teaching and supervision of students in the Department of Literature and Languages. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Literature and Languages, University of Zambia, Lusaka.

University of Zambia

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EDUCATION

Applications are invited for the following posts:

Applicants should be qualified in the field of Education. The successful candidate will be responsible for the teaching and supervision of students in the Department of Education. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Education, University of Zambia, Lusaka.

University of Zambia

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SCIENCE

Applications are invited for the following posts:

Applicants should be qualified in the field of Science. The successful candidate will be responsible for the teaching and supervision of students in the Department of Science. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Science, University of Zambia, Lusaka.

University of Zambia

PROFESSOR OF

HUMANITIES

Applications are invited for the following posts:

Applicants should be qualified in the field of Humanities. The successful candidate will be responsible for the teaching and supervision of students in the Department of Humanities. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Humanities, University of Zambia, Lusaka.

University of Zambia

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ARTS

Applications are invited for the following posts:

Applicants should be qualified in the field of Arts. The successful candidate will be responsible for the teaching and supervision of students in the Department of Arts. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Arts, University of Zambia, Lusaka.

University of Zambia

PROFESSOR OF

TECHNOLOGY

Applications are invited for the following posts:

Applicants should be qualified in the field of Technology. The successful candidate will be responsible for the teaching and supervision of students in the Department of Technology. The post is full-time and involves a significant amount of research. Salary: £12,000 p.a. (plus 10% threshold payments). Further details and application forms can be obtained from: The Secretary, Department of Technology, University of Zambia, Lusaka.

University of Zambia

PROFESSOR OF

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UPON TY

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Teheran

Long-term markets attract British companies

by Chris Powell

Seventy representatives of the Confederation of British Industry left the tent city at Teheran last November to take with them plans for more than £250m worth of joint venture projects in Iranian industry and agriculture. The oil price rise in October and subsequent increase in funds for the country's five-year plan, which began in 1975, was just another incentive for those seeking new markets for investment.

Since then 17 projects have been started and at least a hundred are under consideration. The Shell-Cot agricultural scheme at Dezful, 550km from Teheran, is one of the most important projects, most of which have begun operating. Yet between 1955 and the end of 1970 only 20 British companies

had been tempted to invest in Iran. Today about 50 are engaged in joint ventures in the public and private sectors.

The third annual meeting last January between Mr Peter Shore, Secretary of State for Trade and Mr Ebrahim Mahdavi, the Iranian Minister of Commerce, is expected to generate £500m worth of business, including the electrification of the Teheran-Tabriz railway and a huge housing complex.

Until recently hotels in Teheran were overflowing with hopeful businessmen. But government proposals to cut expenditure by about 50% have halted a number of important projects, most notably in consultancy.

Today there is more caution and, although there has been a definite swing from optimism to pessimism, it is not an entirely new

sensation in this part of the world. It is sometimes easy to forget that Iran has been developing steadily for decades and, although there is not the frantic pace of the past year, there is no reason to suppose that the boom is over or that the situation will change drastically.

Hotels are still crowded but the great numbers of "treasure hunters" or the frankly curious have largely disappeared. The city is left with the more serious and persistent businessmen.

The man who is already committed and wants to expand or enlarge his interest, or new people looking for long-term markets.

The reallocation of funds is bound to affect a number of projects but certain key areas will stay active. While spending is being carefully reviewed the emphasis is still on the expansion of basic production facilities in the steel industry, agriculture, much-needed housing construction and transport.

Certain investments affected directly by the budgets of some government organizations will also not affect the pace of Iranian development. The main brake has always been and will continue to be the lack of infrastructure: management and labour skills, raw materials and distribution. The latter is one of the main difficulties.

The laws, carefully framed to attract private capital and minimize the obstacles, include import duty exemptions for machinery and equipment and long-term credits on favourable terms (frequently on an individual basis, depending on the priority of a particular industry). Tax incentives are given for location outside the congested areas around

Teheran where most industry has been located.

Imported capital and accrued profits are protected and may be remitted and, in the event of nationalization (the last occurred in 1952 when the oil industry was nationalized), fair compensation is guaranteed. Net profits can be remitted in the same currency as originally imported and transfer of the original capital and profits, or the balance of both, can be transferred on three months' notice—10 per cent of the original being left for a further three months to meet contingency obligations.

However, the Shah's recent stipulation that 49 per cent of shareholdings in private industry must go to the workers and eventually to the public, has caused real dismay in foreign business circles.

It is seen as an obvious attempt to broaden ownership of the industrial base and one foreign bank representative in Teheran says he does not see it as a measure in any way hostile to foreign investment.

It will be bound to have some effect on joint ventures and interest in royalty payments. Most companies have up to three years to get rid of their shares and careful audits will be necessary to assess their real market value. It is a step towards nationalization, City bankers say. But so far only the Iranian partner's share is affected. If a company is balanced 49 per cent foreign and 51 per cent Iranian, as is usually the case (only those companies established prior to the investment law in 1968 have larger holdings) it will hardly affect the

foreign investor.

Even if, when the time comes to go public, capital is increased by doubling the shares for sale, it will still fulfil the requirements of the law, leaving the original capital investment untouched.

Naturally, that will lead to dilution of ownership and perhaps John Smith from Manchester will not feel entirely at ease with 1,000 new partners. One brewery representative I spoke to certainly was not happy about the situation. Although his share of the equity is low and the firm gets good royalties, his Iranian partners have decided that for the time being they will not proceed with plans for expansion in another part of the country.

Whatever happens, the sale of shares to the public will give a much-needed boost to the fledgling stock exchange, if people can be persuaded to invest their savings in this way. Although there are still those who hide their gold in a sock under the mattress the most popular form of investment is still property—either in Iran or abroad. Recently the local press has been full of attractive advertisements for villas in France and Spain and country houses in England and the United States.

After world-wide press reports of large agents' fees and bribes to secure contracts with some Middle East governments, the Iranians have made it obligatory for foreign firms seeking government contracts to sign a statement clearly giving the nature of any payments and the names of the recipients.

It is vital that any businessman coming to Iran for the first time is well prepared. He can get advice from the regional offices of the Board of Trade and find out the "dos" and "don'ts" of the prohibited list, the ins and outs of business practice in Iran.

Merchant banks with local representatives can be helpful, too. Expansion of banking interests has been swift and, although they are not allowed to act as receiving banks, they can assist clients to form joint ventures through contacts with potential partners and by arranging agents and legal facilities. The British Embassy commercial section will also play a more direct role when an investment agreement is reached. They may also prove helpful by providing likely contacts or customers. They frequently report calls for tenders and give information on potential government orders.

With sales of agricultural products increasing sharply as wages rise, giving more purchasing power, there is a need for food processing plants and an increasing interest in small-scale agricultural projects. Landowners who want to develop their estates into profitable businesses are linking up with European farm and management experts and creating an agricultural renaissance in direct contrast to the large-scale agro-industry or simple subsistence farming.

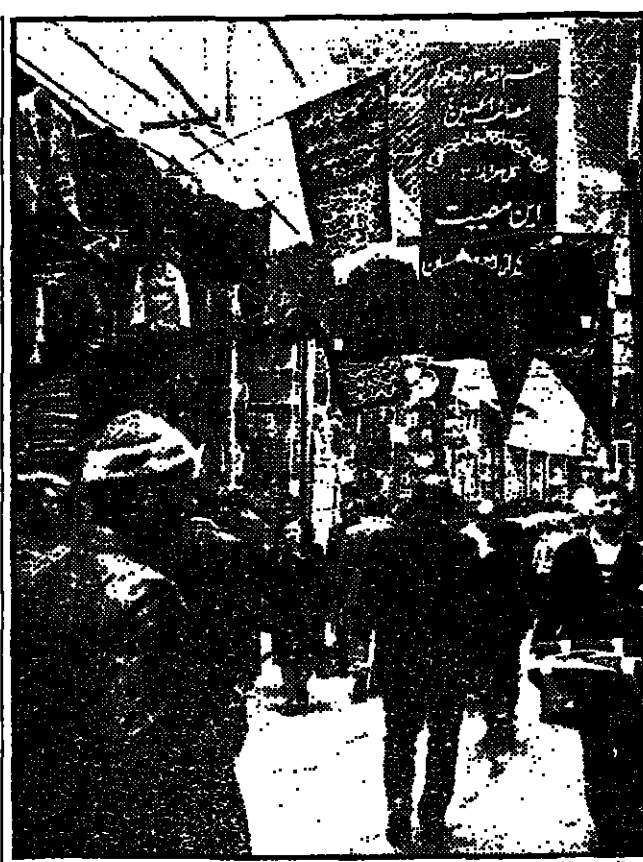
Farms have formed Land Keshr with "101" canned foods, for example, and there are similar opportunities for companies which can provide farming units using skilled methods.

The market in education offers scope for companies supplying audio-visual materials for the numerous self-help programmes planned for both the national television network and village centres to teach basic skills. There is also an international tender out for several thousand colour television sets. British participation at the International Construction Fair held in Teheran in June demonstrated forcibly the limitless opportunities for involvement in the building industry.

Industrial development in remote areas means that new towns must be established to accommodate large numbers of workers, technicians and executives. There is an ambitious £2,800m highway building and improvement programme, opportunities for transportation involvement in railways, ports and airports. Other items on the government shopping list include a fertilizer plant, farm machinery, machine tools, and hospital construction and equipment. Iran wants to build a car industry, a steel industry, an oil processing industry—all of them export-oriented—while maintaining priority for agriculture and social welfare.

The sky is still the limit but the Iranians are becoming more experienced in dealing with potential foreign investors and exporters and bargain hard to secure the best deal.

This is the eighth in a series of Special Reports on investment and development centres of the world, which will include Caracas, Minas Gerais, Singapore, Lagos, Hongkong and Johannesburg. The series will be republished as a booklet available from the Marketing Department, The Times, price £2.



Teheran and its bazaars may be thronged in the next few years by thousands of "guest" workers.

Shah's great dream

by Peter Hopkirk

A British visitor to Iran in 1907 writing on his return home declared: "I am ready to wager that it would profit a man more to cast his money into an Irish bog than to invest it in Persia."

History has turned on him with a vengeance, although it has taken more than half a century. For today, with \$20,000m a year with which to buy themselves a stake in the future, the Iranians have become one of the world's biggest spenders.

This once bankrupt nation now enjoys the highest economic growth rate of any country. In 1974 its per capita gross national product soared by a spectacular 41 per cent (against 33 per cent the year before), which is three times the increase recorded by Kuwait and Saudi Arabia, which shared second place.

Because of the decline in world oil production which began to affect Iran at the end of 1974, next year is unlikely to see a continuation of this astonishing rate of

acceleration. Moreover, projections based on current oil prices suggest that Iran could, by 1978, be borrowing on the international market to help finance its development plans.

However, despite this and the high rate of inflation, Iran still seems set fair for the new economic era that the Shah has promised his 34 million subjects.

By 1983, when Iran's seventh five-year plan is accomplished, the Shah asserts that his country will have become one of the world's five richest nations and achieved what he calls "the great civilization". To this end Iran is engaged in a massively expensive programme of industrialization and internal development intended to end its dependence on oil as soon as possible, though it is reported that this may now have to be trimmed.

The opportunity for Iran to change its destiny so dramatically has arisen only in the past 18 months, after the four-fold leap in oil prices, continued on page VI

- On other pages
- increase in defence spending; big boost to aircraft industry
- heavy pressure on communications; cars in great demand
- crucial decision faced after freeze; efforts to save fuel
- new techniques to sell gas; other uses for oil
- focus: facts and figures on Teheran
- lack of people hinders progress; training on wheels
- stronger voice for industrialists; spending spree by the new rich
- expanding steel production; lack of "sweet" water holds back agriculture
- decade to learn; industry fails to attract farmers
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Arya National Shipping Lines

Crown Prince Reza Pahlavi Participates in the Reopening of the Suez Canal

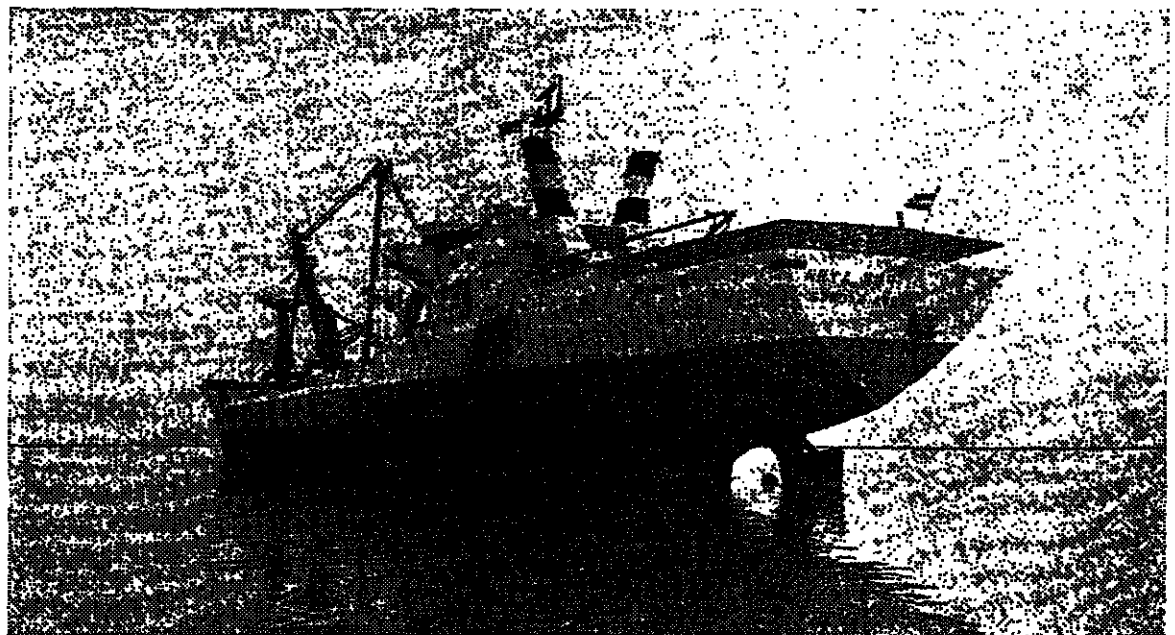
The Past year has posed a challenge for the Arya National Shipping Lines seldom encountered by any other national flag carrier. Arya not only met this challenge but has emerged as the world's largest cargo carrier to the Persian Gulf.

Everyone associated with Arya can be proud of such a record by a shipping company set up less than a decade ago. Though Arya National Shipping Lines was established as recently as 1966, it enjoys a maritime heritage that goes back to the early days of the Persian Empire, more than five centuries before Christ. This was once again brought to mind only last month when Crown Prince Reza Pahlavi participated in the reopening of the Suez Canal. Cairo and Port Said were filled with pictures of His Imperial Majesty, the Shahanshah Aryamehr, Crown Prince Reza Pahlavi and President Sadat. Banners welcoming the Crown Prince and messages of goodwill were in abundance all over Cairo and Port Said. The first ship carrying President Sadat and the Crown Prince sailed through the canal and the canal was officially reopened.

rapid growth of Arya. The company has already reached the half-way mark towards attaining its current five year plan of developing a fleet of 60 modern, fast ocean-going vessels. Arya's 30 merchant vessels, plus those chartered now offer the most frequent voyages from North and Western Europe, the Eastern Seaboard of the United States, and the Far East to the Persian Gulf.

The establishment and development of Arya National Shipping Lines, like so many other major aspects of the economy, stemmed from the far-sighted policies of the Shahanshah Aryamehr. His Imperial Majesty once said that "shipping, like steel mills, is part of our national policy". Since then, the Monarch has frequently given instructions for Arya's rapid and continued growth and shown personal interest in its activities.

The Directors, management, staff and all the employees of Arya National Shipping Lines have always fully understood their important responsibilities within the framework of the national economy. By helping achieve a growing share of



ARYA NUR, 16,630 tons, one of the Company's fleet of modern merchant vessels

Appropriately, an Arya vessel was among the first to pass through the reopened Suez Canal. Arya Omid, carrying about 2,000 tons of cargo to U.S. ports, passed through the Suez Canal on 16th June and Arya Naz on the 24th.

Along the canal there stands a monument built by Darius the Great in 521 B.C. which reads: "I am a Persian from Persia... I gave order to dig this canal to join the sea that comes from Persia to the river called the Nile. The canal was dug as was my wish; and ships went from Persia through it to Egypt."

CONTINUING GROWTH

The past year has also witnessed the continuing

Iran's foreign trade transportation, the company has saved the country substantial expenditure of foreign exchange.

It may be recalled that in 1967 the Company was operating only two ships. By 1970, the number had risen to seven, last year to 28 vessels, and now in 1975 we have some 30 vessels with around 350,000 tons capacity. In just over three years this represents an increase of 330 per cent.

The Arya National Shipping Lines is currently handling some 1.2 million tons of imports to Iran and a high per cent of the country's non-oil exports.

Continued on next page

If you're looking for insurance in Teheran go to Yorkshire.

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Huge increase in defence spending puts nation into top 15

by Henry Stanhope
Defence Correspondent

Last summer Iran moved among the 15 top nations in the world's big spenders on defence. Ten years ago it was not even placed among the top 30. Therein lies a tale which has already drawn a whole range of superlatives from defence analysts. The defence budget for 1974, at £1,402m, represented a 50 per cent increase on that of the year before.

Looked at another way, it was a higher proportion of the country's gross national product than the defence outlays of any power in Nato or even as far as comparisons are possible the Warsaw Pact countries. It was the third rise in the defence spending in four years; the latest in a short, dynamic sequence of events which have affected the balance of power in the area of the Persian Gulf or that top left-hand corner of the Indian Ocean.

The catalogue of arms deals with the Shah is best illustrated by three of the more recent transactions. In May, for instance, the Iranian Army ordered a further 1,200 British-built Chieftain tanks, to add to the 750 it has already in the pipeline, to make a total of 2,000—more than twice as many as Britain itself can afford to buy or to man. The estimated cost of the new order was given as more than £200m.

It followed confirmation of another deal with Britain, said to be worth several million pounds, involving the construction with Ministry of Defence guidance, of a new ordnance factory in Iran to help to make the Shah ultimately more self-sufficient than he has been in the past. But this has been reported also as only the first part of a much more ambitious complex of buildings, the design of which could earn Britain many millions more.

The most spectacular recent purchase, however, was a £220m secret contract signed in the United States for a complete intelligence system, involving computers, radio equipment and reconnaissance aircraft and reportedly even space satellites to survey the whole of the Gulf area and even perhaps reaching over Israel and the southernmost extremities of the Soviet Union.

The contract allows Rockwell International, the main contractor involved, to recruit former employees of American intelligence agencies to run the programme, the same agencies which

control America's own observation satellites. Included among the aircraft are C-130 Hercules planes equipped with electronic listening gear, which could be used to patrol the edges of "hostile" territory around Iran, keeping the Shah and his government in touch with every whisper.

These three arms contracts are of special interest for several reasons. In the first place their total worth gives some idea of the dimension of Iran's army procurement policies. In the second place they involve what may be described as first division equipment, high quality military gear which could have a significant impact upon not only any future conflict but also the peacetime balance in the region. Third, the mirror the pattern of Iranian procurement during the past few years.

Britain has been its traditional source of arms and indeed Iranian orders still represent by far the biggest single source of arms revenue filtering into the country. But the past few years have also seen the increasing influence of the United States in Iran, and the highly advanced technology now available in America, much of it the product of United States industry in space research, indicates the competition which British arms manu-

facturers have to contend with if they are to remain a primary source of Iranian armaments.

That Britain still has a unique offering to make to the Shah is exemplified by the Iranian interest in the new class of anti-submarine cruisers which are being built for the Royal Navy. Until now the Shah has been deterred from actually ordering one because of his belief that the ship should also be equipped with a Harrier vertical take-off aircraft for it to be the all-round weapon system that he covets. And until May a maritime Harrier was still only a gleam in the eye of the British Government's own reluctance to order one for the Royal Navy.

Then Mr Mason, Britain's Secretary of State for Defence, announced without prior warning that the two years of delay and frustration were over. The Royal Navy was to get a maritime Harrier. The way is thus opened for the Shah to go ahead, and order not only the Harrier but also a ship to put them in—an order which together could approach £200m in value and bring fresh work to Hawker Siddeley, or the new nationalized British Aerospace Corporation and to Vickers' shipyards at Barrow-in-Furness.

It seems likely that the Shah would be allowed to

buy the second of the three anti-submarine cruisers which are to be built for the Royal Navy, thus making longer for its complete force, in the interests of securing a valuable export order. It follows too that the Iranian navy might eventually need three of the ships, like the Royal Navy, thus ensuring continuing orders for some years.

There have been reports of the Shah's ambition to buy British skills to help to carry out a major expansion programme for his navy. At present the navy is principally a coastal force for operating in the Gulf, with only four British frigates as its only modern deep-water vessels. But a huge injection of money during the five-year plan which began in Iran in 1973, should lift its eyes to new, more distant horizons. Work has already started on a new base at Chabahar, near the Pakistani border, and the headquarters at Bandar Abbas is also being reconstructed.

The Shah has already approached both the United States and Britain in an attempt to build up naval hardware. One likely purchase involves several of the United States Navy's new Spruance-class destroyers which, at more than 7,500 tons displacement, are approaching the dimension of cruisers, and which have been criticized by some naval experts as being under-armed.

Discussions with Britain probably entail buying Sea King helicopters from the possible provision of submarines. But this is one item about which the British Government has some doubts. The Shah's eventual ambition, it is understood, is to invest in nuclear-powered submarines. These would provide the Iranian navy with a formidable new dimension in naval strike power and however respectable the Shah is as a Western, stabilizing influence in the uncertain, sensitive politics of the oil-producing states, Britain for obvious reasons has to consider carefully how much power it should help him to wield.

So far the West has exhibited few inhibitions about helping the Shah to build up his forces. The expansion of the Iranian defence forces has been notable not only because of the quantity of equipment ordered but because of its quality. The Shah has ordered from the United States, for instance, the latest air superiority fighters, including 30 F-14 Tomcats. Also in service or on order are more than 100 Phantoms, and 200 F-5 Tigers, a number of Boeing 707-320 tankers and the latest United States class of anti-submarine cruisers.

More than 500 helicopters are also on order from the United States, including 200 Cobra gunships. And a class of anti-submarine cruiser fleet would also

probably entail buying Sea King helicopters from Britain as well as the Harrier. The Shah is also trying to build up a fleet of hovercraft, in the world, again supplied by Britain.

The readiness of the West to supply its latest brand of advanced hardware can be justified on a number of grounds, apart from the obvious one that it brings in money and employment. One is the less obvious argument that support for the Shah helps to ensure one's oil deliveries at a time when there are by no means certain. Another is that the Shah's anti-communist stance, his anxiety to keep open oil routes makes him a natural ally for Western powers, particularly the British withdrawal from its former area of influence in the Gulf and the Indian Ocean left a vacuum which the United States is already to some extent trying to fill.

Another argument which is not yet fully developed is that the economic influence of the Shah, along with his oil-producing neighbours, in the affairs of the West may soon be such that it could become difficult to resist demands. He has already acquired a 25 per cent shareholding in Krupp arms industries, and this is thought to be only forerunner of future policies

Airline buys into the big league

by Arthur Reed
Air Correspondent

Iran is now seriously bidding to become one of the principal members of the world airline industry, with an expansion programme by the national carrier, Iran Air, which includes new destinations, jets and the supersonic Concorde.

The country will be investing heavily in aerospace products during the remainder of this decade and throughout the 1980s as this expansion is pushed through. Apart from the Anglo-French Concorde, the majority of its airliners will be bought in the United States, but there will be an immense market for equipment manufactured all over the world.

Iran Air's growing fleet will require the most modern technological environment in which to operate. The shopping list to provide this includes new runways and airport build-

ings, airport equipment of all kinds, from fire engines to departure lounge furniture, and electronic black boxes to ensure air safety.

Aviation expertise will also be at a premium, with the Government and airline looking for technical assistance from the United States and Europe to help to train Iranians in new aerospace techniques until they are ready to take over operational functions themselves.

By the end of this year, the Iran Air fleet will total 19 Boeing aircraft, with the first Boeing 747 jumbo jet special performance airline due for delivery in the spring of 1976. Two Concorde on which Iran Air has taken out options to purchase should go into service in 1977 and it is expected that they will be used on routes to the United States and to the Far East.

The most significant recent development for the airline has been the opening of its route from London to which it has flown regularly from Teheran for some time to New York. This happened on May 29 and was seen in North America as a manifestation of Iran's bold aviation expansion programme.

Services operate between Teheran and New York on five days each week, provid-

ing what is claimed by Iran Air as the fastest link between these two important trading cities.

Flights leave Kennedy international airport, New York, at 9 pm and arrive in the Iranian capital at 6 pm the following day with a total flying time of about 14 hours. Boeing 707s are being used initially, but it is planned to bring in the jumbo on the route in the spring of 1976.

Advance bookings on the new service are said to be encouragingly high, even though the airline is competing across the North Atlantic with 27 other scheduled and 24 charter airlines. Iran Air's determination to develop its service in a serious manner can be seen from the fact that it has opened new ticket offices in Madison Avenue, New York, and Los Angeles, and plans similar facilities in Houston and Chicago.

When he arrived in New York on the inaugural flight, the managing director of Iran Air, Lieutenant-General Ali Khademli, was asked about progress in the talks towards his airline taking a share in Pan American, a deal which has apparently become bogged down since it was first made public some months ago. He replied that he expected the agreement

would be signed within a few weeks, adding: "There are no hard barriers to stop us. But there are some points to be discussed, cleared up and finalized."

While the route between America and Iran will be of great interest to businessmen, Iran Air obviously hopes to pick up many tourists with a desire to see the archaeological wonders of their country, advertising in the United States emphasizes the tourism angle heavily, with selling lines like, "We've been welcoming strangers for 2,500 years". Shiraz, where nightingales sing amidst ruins of ancient Persia, is a city where one can feast on the blue mosques and ripe melons.

Traffic on routes operated by Iran Air has been booming recently, as is proved by the figures for 1974 when there was a 23.7 per cent increase in business to take the total of passengers boarded to 1.4 million.

With such a large increase in business, there is a great deal of scope in the future for the expansion of domestic air services, supplementing the major routes already operated between the capital and such important centres as Shiraz, Abadan and Bandar Abbas and serving farreaching passengers.

Continued from previous page



Arya National Shipping Lines

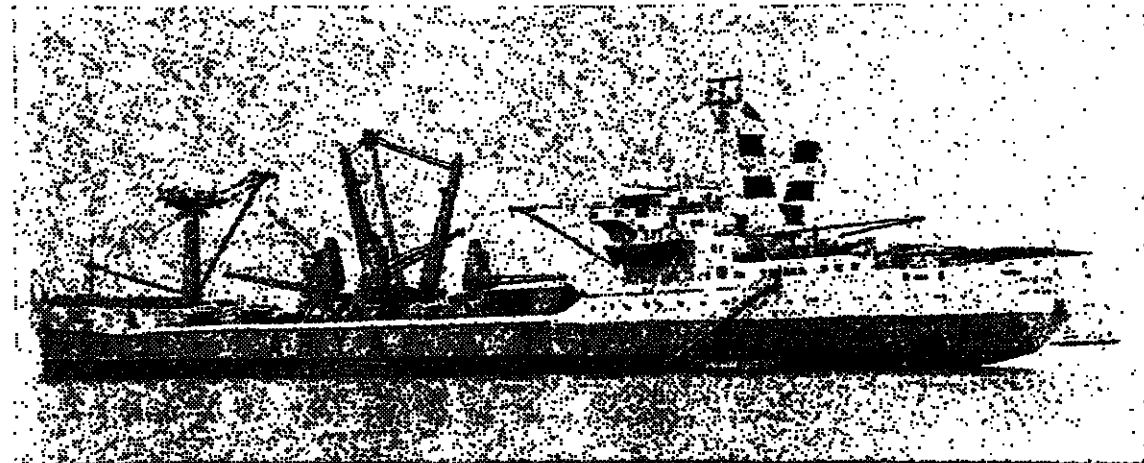
MULTI-PURPOSE ACTIVITIES

To achieve the aspirations of the Shah-People Revolution, under the enlightened leadership of His Imperial Majesty the Shahanshah Aryamehr, Iran has initiated an unprecedented programme for economic growth and development. The Fifth Plan of Iran 1973/74-1977/78 calls for massive investment and expansion by the public and the private sectors of the economy. All this means an accelerated rate of imports into Iran, beyond the capacity of the present infrastructure able to handle it. As such, a crash programme was entrusted to Arya Managing Director to relieve the congestion at the two major ports of Khorramshahr and Shahpour, where piling up of cargo unloaded at the ports and their slow removal to the interior had created serious bottlenecks which threatened to paralyse the ports. With the execution of an intensive programme with the cooperation of a number of organizations, particularly the Ports and Shipping Organization, the Customs and the Railroads, the average amount of cargo unloaded at Khorramshahr and Bandar Shahpur increased from 15,000 tons a day to 20,000 tons a day while the average clearance of cargo from the port to the interior was increased even more sharply from 12,000 tons a day to 22,000 tons a day in order to reduce the backlog. As a

INTERNATIONAL COOPERATION

Arya National Shipping Lines was equally active in the field of international shipping cooperation. To relieve ports and Shipping Organization with its overload of work, Arya represented P.S.O. at several International Shipping Conferences, and presented Iran's port development plans. During meetings held in Paris and Tokyo last April and May respectively, other conference lines raised the possibility of increasing demurrage surcharges for the Persian Gulf ports of Iran, but the Directors of Arya Shipping Lines succeeded not only in avoiding any increase, but in fact they reduced them. The Mediterranean Conference Lines surcharge of 50 per cent was consequently reduced to 35 per cent; the U.K. Conference surcharge was reduced from 60 per cent to 45 per cent, other European Conference Lines also reduced from 60 per cent to 45 per cent; and the Japan Persian Gulf Conference Lines surcharge was reduced from 50 per cent to 42.5 per cent. The saving to Iran of substantial amounts of foreign exchange through such measures is only too obvious.

Arya is also pleased to say that its joint venture with the Shipping Corporation of India forming the Irano-Hind Shipping Company in which Arya holds 51 per cent has come to fruition. Arya



ARYA TAB, a sister ship of ARYA NUR

result of this, during the three months period of the crash programme more than 1.8 million tons of goods were unloaded as compared to 2.2 million tons unloaded during the preceding six months—an increase of 75 per cent. Cargo clearance at these ports rose even more spectacularly, amounting to 1.97 million tons in three months compared to 2.09 million tons in the preceding six months—an increase of 90 per cent. The total port handling of cargo rose by 82 per cent.

All these activities facilitated shipping and saved the country foreign exchange. In addition, it enabled the Port and Shipping Organization to concentrate more on the construction of new ports and provision of modern port equipments to cope with the ever increasing rate of flow of cargo in the ports. This port development programme will provide Iran with one of the most modern ports of the world.

Shipping also continues with its massive training programme which now also includes training officer cadets on Arya vessels and in naval academies in the U.K. and Belgium. At present 16 second officers are under training in Belgium, and 11 second officers have almost completed their sea assignment and in September will enter naval academy in Belgium to obtain Chief Officer Certificates. In addition, 108 cadets are being trained in U.K. and will join Arya's vessels after completing their theoretical work. In addition to the above, 44 cadets are ready to fly to U.K. to enter the naval academy there as part of this year's training programme.

Arya has experimented with other methods of freight carrying vessels, including ro-ro type.

No doubt Arya Shipping can look forward to a happy growth of continuing progress in the coming years.

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مکان از آلاصل

Imports a great burden on communications

Hassan Shalida

Choked all storage space and facilities at the port. There were not enough lorries to move this influx of imports into the hinterland. Manufacturers began to complain the lack of delivery of components and raw materials threatened their production schedules and if prolonged might lead to the closing of factories.

Consumer goods shortages were felt acutely despite the high priority given to the movement of food. Ships had to wait for space to be cleared before their own cargo could be unloaded. Increased shipping damage and other surcharges increased the price of goods to the consumer.

The additional costs of shipping increased the drain on foreign currency while those of storage and inland transportation, according to a shipping official, contributed to the rate of domestic inflation. By the end of summer the Prime Minister would be approaching the two major ports.

The trouble-shooter sent by the Prime Minister was Mr. Kasa Shayan, managing director of the Arya National Shipping Company, who for nearly five months personally supervised the streamlining of port handling facilities. He achieved this by introducing a number of emergency measures.

These included placing all port authorities including customs, railways and grain department officials, on three shifts, seven days a week; close collaboration with the Imperial Navy to facilitate port handling; increasing equipment at the ports; diverting some of the ships to other ports; and moving some of the cargo to warehouses in other towns.

The result was that where as at the beginning of his task Khorramshahr was receiving 15,000 tons of cargo a day while moving only 12,000 tons a day to the interior, at the end of the first quarter of Mr. Shayan's crash programme ship unloading capacity had been increased to 20,000 tons a day and removal of cargo to the interior to 22,000 tons. This meant that some of the 500,000 tons of cargo piled up at the port of Khorramshahr began to diminish.

Mr. Shayan realized also that trucking firms lacked a sufficient number of lorries to move all the cargo pouring into the ports. The single-track railway line was incapable of increasing its capacity substantially, and laying a second track through tortuously mountainous areas would have been both time-consuming and expensive.

The Ministry of Roads and Transport had ordered some 2,000 lorries and 6,000 trailers. A number of these had arrived but because of shortage of skilled drivers, many of them stood idle at the ports. As an emergency measure, 300 drivers were recruited from Pakistan, but Mr. Shayan suggested that some 600 lorries should be distributed among various government organizations and even large private companies, each of which could then arrange for the removal of its own cargo. Trucks and lorries were even borrowed from other countries to help haul cargo from the ports.

Construction hastened

At Bandar-e Shapur, Mr. Shayan ordered the installation of new unloading facilities for grain, while top priority was given to ships carrying wheat, rice, sugar, meat and other foods. Because of a poor wheat harvest in the preceding year, the wheat shipments had alone amounted to 800,000 tons. Perishable cargo such as fruit and some badly needed raw materials or combustible cargo, were also given priority and this meant swift handling of more than 2m tons.

Parallel with such measures to reduce congestion and move out some of the cargo, Mr. Shayan also took steps to increase port capacities at Khorramshahr and Bandar-e Shapur. The 15-year master plan had not envisaged such an emergency situation. Shayan's emergency went beyond the recognized schedule by speeding the construction of a three-wharf jetty at Khorramshahr through a South Korean contractor.

When the Koreans arrived with their shipload of equipment and materials, they discovered that they had to wait their turn to berth. Within four days they had built their own temporary jetty to begin unloading. This project alone, which is scheduled to be completed within six months, will double Khorramshahr's handling capacity. A similar crash programme is being carried out at Bandar-e Shapur. The opening of the Suez Canal is bound to cause an initial surge in shipping, but that

would create only a temporary problem.

On a long-term basis, approved plans call for increasing the port handling capacity from a designed level of about seven million tons a year to nearly 30 million tons a year by mid-1978. Another difficulty being tackled is cargo handling and reduction of ship turn-around times. Britain's National Freight Corporation has been brought in to advise on streamlining such operations. Another British firm is collaborating with an Iranian consulting engineer working on the 15-year master plan for ports.

Last month, Mr. Shahrestani, the Minister of Roads and Transport, conceded that the shipping system could best be described as "chaotic" because of the inability of the private sector to handle such vast amounts of cargo.

Importation of thousands of new lorries as well as the lifting of the ban on the import of second-hand trucks has put an additional strain on the road capacity. Ancillary services such as repair and servicing facilities have not expanded rapidly to cater for the new fleets. There is a shortage of mechanics and other skilled workers.

Various government organizations have set up five trucking firms to handle their newly-acquired fleets, but are facing recruiting problems. Some of the double-decker bus drivers in Tehran began to resign for the better-paid long-distance haulage.

Now that Mr. Shayan has ended his mission, Mr. Hamid Mousavian has been appointed as special coordinator of communications to continue the task. The special taskers are ordered for wheat already ensure that there is no shortage of grain anywhere in the country. Similarly, adequate supplies of sugar, meat and school meals have been assured. Factories have continued to receive their raw materials.

While Mr. Shayan's crash programme has substantially improved the situation, the main difficulty still remains. This can only be solved through long-term planning. The master plan calls for the extension of Bandar-e Shapur and Khorramshahr. Bandar-e Shapur alone is to get 14 new berths including four for containerized cargo.

A new commercial port is to be developed at Bandar Abbas which will soon be linked to the interior by rail. A first-class road already exists. Ultimately, it is to be joined also to Mashhad to serve as a major transit port for Afghanistan.

Bushair is also to be developed along with a number of other smaller harbours.

The Trans-Iranian Railway is to have an additional track which will almost double its existing capacity between the Persian Gulf ports and Tehran. The new railway link from Bandar Abbas to Kerman will not only facilitate the handling of imports but will provide the required capacity to export large amounts of steel, copper, and other ores.

In the north, the railway link between Urmia and Jolfa on the Soviet border will be electrified to speed the train service and thus increase the handling capacity. Vast quantities of new rolling stock have been ordered from a number of countries including Spain and India, while most of the diesel engines are to come from the United States. A 200km-a-hour turbo-diesel train service is already in operation between Tehran and Mashhad to the east, dramatically reducing the travel time.

Big Leyland contract

In all this, British industry and services have already made a contribution. British Leyland has a contract to supply 2,500 14-ton super Comets and 500 Terner lorries valued at £13m. Also Leyland Motors has agreed to provide £8m worth of trucks and buses. Redman Fisher Engineering is supplying conveyors valued at £500,000; Herbert Morris is providing overhead travelling cranes to the value of £200,000, and John Barnsley and Sons is supplying cranes valued at £155,000.

In services, the National Freight Corporation is providing consultancy work on freight movement, storage and distribution while Harris Associates is working on the master plan for ports.

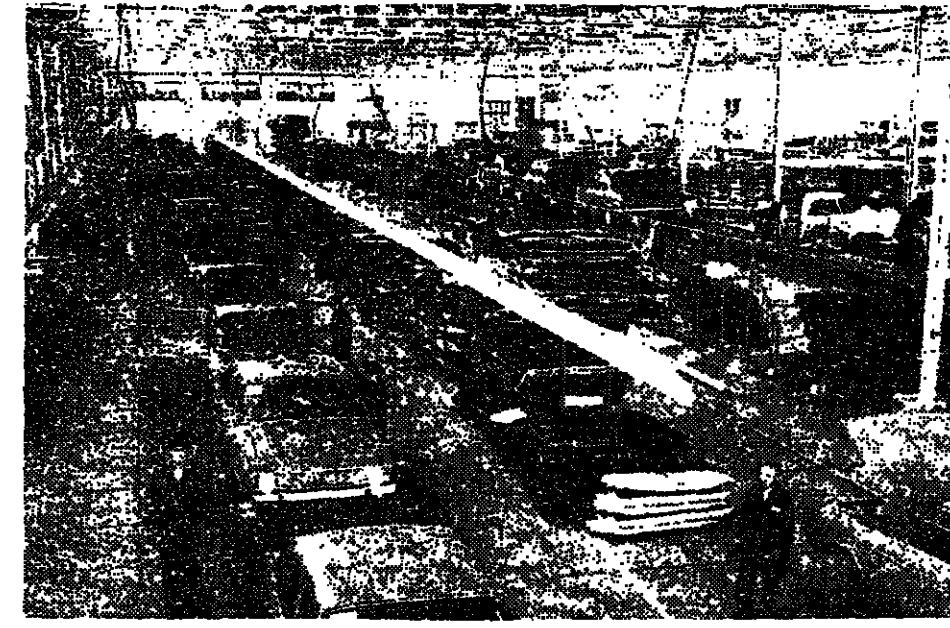
Miles Blackstone is supplying gear boxes for single-screw tugs.

From all indications, communications will considerably improve over the next few years. Even for the citizens of Tehran, the traffic future is not perhaps as grim as it looks. Plans have been approved and a contract awarded to the French to build an Underground for the city, even if traffic is brought to a near halt during its construction.

Insatiable demand for cars

by Peter Waymark
Motoring Correspondent

With a rapidly growing standard of living, a population of 33 million people and a ready supply of skilled labour, Iran has the potential to become a motor manufacturer on a world scale by the early 1980s. The quadrupling of oil revenues, the country's major source of wealth, in the wake of the October, 1973 Middle East war could make it happen even sooner.



Production of the Peykan, based on the Hillman Hunter. Many of the components are made locally.

Talk of Iran as the Japan of the Middle East may be premature but already Tehran has traffic problems as great, if not greater, than in London and among the expanding middle classes there are two and three-car households.

According to official figures, the national income per head of population grew from \$82 to \$214 a year in the decade ended 1972 and it could double again by the late 1970s.

The demand for private cars is far greater than Iran's burgeoning industry can satisfy, which is why earlier this year the Government placed orders for 30,000 Hillman Avengers from Britain. This was a departure from the official policy of the past decade or so which has been to keep out imports in order to protect and encourage the domestic industry.

Visiting Britain in the mid-sixties, the Shah was given a sneak preview of the new model which became the Peykan Hunter, and assembly in Iran began in 1967.

The agreement with Rootes has followed the classic pattern for a developing country seeking to establish a new industry. To start with, Rootes exported almost complete cars in knock-down form which were then put together in the Iranian factory. Rootes also supplied technical and managerial assistance. For a time, Iran National, the company which assembles the Peykans and Mercedes buses, was run by an Englishman, Mr. Bob Ward, who is now plant director of MG at Abingdon.

Iran National intends to increase car output to 500,000 by 1980 and is aiming for 100 per cent local production. With its recently-opened foundry, the company should at least achieve the latter target. It has an annual capacity of 300,000 engines rising to 500,000 in four years.

Iran's newest car manufacturer is Chevrolet-Iran, in which General Motors has a 45 per cent stake. Production started in March last year of a six-cylinder model based closely on the German Opel Commodore. It is the biggest and most luxurious car built in Iran, offering power steering and air conditioning as optional equipment. About 10,000 were produced in the first year.

Volvo from Sweden and the American Mack company are also involved in truck manufacture, while Deutz is a rival to Mercedes and Leyland in the production of buses. John Deere, Volvo and Universal (from Romania) make tractors and they could be joined before long by Massey Ferguson.

The Japanese companies, Nissan (Datsun) and Mazda, are represented so far by one and two-ton pick ups, though it is reported that Toyota has had talks with Iran National about producing its cars in Iran.

The Iranian motor industry is not without its problems. Though the Peykans and the Citroëns are being sold at prices the middle class Iranians can afford, General Motors is finding it difficult to keep its production costs at a reasonable level while output remains relatively small.

The Iranian workforce is keen and disciplined but needs to be more efficient; it is taking twice as long to assemble Chevrolet/Commodore in Iran as it does in Germany.

While the Iran Government is under pressure to ease the demand for cars by granting further licences to foreign manufacturers, the commercial vehicle industry is already comprehensive. The British presence was firmly established back in the 1950s and current British Leyland involvement ranges from Land-Rovers to buses, heavy and medium trucks and diesel engines.

The other danger is that vehicle production may outstrip the capacity of Iranian roads. Despite a substantial road-building programme, there were only 12,000km of surfaced roads in 1972. This has led to the concentration of vehicles in cities, notably the capital. Of about 400,000 cars in Iran, four-fifths are in Tehran, an imbalance that cannot be allowed to continue much longer.

Trade through Gulf ports

The Soviet railway system with its broad gauge is fairly limited in capacity for carrying Iranian goods from central and western Europe. Turkey, which has recently signed a new transit agreement with Iran, has offered both road and rail transit routes. But even these have limited capacities, especially the roads. In Eastern Anatolia are not yet first class. Consequently some 90 per cent of all Iranian foreign trade passes through Persian Gulf ports—mainly Khorramshahr and Bandar-e Shapur.

The first three months of this year saw over 3,300,000 tons of cargo handled by these two major ports.

Last summer nearly half a million tons of cargo piled up at Khorramshahr, along

THE ENERGY PROBLEM AND IRAN'S OIL INDUSTRY



His Excellency Dr. Manuchehr Eghbal
Chairman of the Board
and
General Managing Director

NATIONAL IRANIAN OIL COMPANY

Ever since man's discovery of fire, mankind has always attempted to accumulate and harness more, and alternative, sources of energy and, by varying degrees, has been confronted with energy supply problems in his endeavour to meet his ever-increasing demand for energy.

The energy problem which confronts us today is not new and in nature resembles similar difficulties experienced by the more ancient civilizations. Today the anxiety of the problem is exacerbated by the magnitude and sophistication of the world's industrialization.

The first sign of anxiety appeared several years ago when statistics showed a steadily declining disparity between known reserves of fossil fuels and their rate of production and the growing world-wide consumption of energy. While this was common knowledge among oil men, the events of the past two years awakened the general public to the declining disparity. As a result, fuel economy and the problems associated with its availability were pushed into the forefront of national and international affairs.

True, the seriousness of the energy problem we face today cannot be denied or taken lightly. We cannot and should not stand still and await events. We should instigate studies on an international level to analyse the situation and, with foresight, formulate a fair and equitable plan to deal with the whole spectrum of fuel utilization and resource exploitation. In this respect we face an immense challenge which is likely to stay with us to the end of this century and perhaps beyond.

On the brighter side, however, there are hopeful signs. We have before us both the potential and the opportunity of solving our problems: conservation and efficient energy utilization is one path; alternative sources of energy hitherto untapped is another. If we accept the estimate that some 40 to 50 per cent of the total energy consumed worldwide is discarded as waste because of inefficient use of energy, then we realise the relative ineffectiveness of our present fuel utilisation techniques. The need for establishment and application of new technologies and more efficient techniques in this area are a prerequisite to the survival of mankind. Technological development of alternative energy sources such as geothermal, solar, use of nuclear power for generation of electricity through nuclear fission or fusion, and greater utilization of coal which is in abundant supply, are other options for technological advancement.

In the case of petroleum, a cursory review of recent data and information on energy resources and pattern of energy consumption published by many government bureaus, learned societies and international institutions clearly indicate that the world is rapidly moving into an era in which potential scarcity of petroleum will become a reality.

If the major energy consuming countries fail in their effort to gain a permanent control over their rate of growth in energy demand, and many existing utilisations of other forms of fossil fuel like coal and shale, do not materialise in the near future, and if large scale utilisation of alternative sources of energy, and in particular I refer to nuclear energy for generation of electricity, are not implemented at a more rapid rate, then it does not need a great stretch of the imagination to conclude that the world's known reserves of petroleum, liquid and gas alike, will become a scarce commodity in a matter of two decades and possibly be depleted by the end of this century.

Petroleum is indeed a very noble resource on earth. As an energy source it is by far the most versatile form of energy and can be used for a broader range of purposes than any other type of fuel. Not only can it be produced, transported and stored easily and most cheaply as compared to other forms of competitive fuels, but as a non-energy source it is the best and most suitable feedstock for many organic chemicals, petrochemicals and even pharmaceutical industries.

My August Sovereign His Imperial Majesty the Shahanshah Aryamehr has stated on many occasions that petroleum is a raw material too valuable to be burnt for inferior uses, and should be conserved for its designed use as feedstock for the chemical and petrochemical industries. In this form it better serves the long-term interests of humanity.

For years the world has neglected conservation of these resources and has been sacrificing the long-term interests to secure short-term objectives. Now a fundamental decision is before us, will we for the remaining years of this century continue to depend on petroleum as the main source of energy as we have done in the past 50 years? Or do we recognise it as a noble resource and acknowledge its importance as an industrial raw material? Will we, through concerted international cooperation and moral responsibility, minimise its utilisation as fuel and show discipline in its consumption?

To understand the present position more clearly and better judge our future stand in this regard, let us for a minute turn our attention to the pattern of worldwide energy consumption in the past three-quarters of this century.

At the beginning of this century almost 95 per cent of the world's commercial energy was derived from coal, only 4 per cent from oil and gas and less than one per cent from hydraulic sources. Since then, large shifts have occurred within fuel consumption reflecting rapidly increasing use of petroleum. Currently, oil and gas supply about 70 per cent of the world's energy demand, while solid fuels supply about 28 per cent and hydro and nuclear power account for about two per cent of the total demand. These figures show a marked decline in the percentage use of solid fuels and indicate their substitution with liquid petroleum and natural gas.

A great deal has been said and written on the subject of energy resources in relation to the worldwide projected demand for energy. The estimates show that petroleum resources have the least proven reserves while crude oil has some 51,000 megatonnes or the equivalent of some 4,000 million tonne, natural gas about 52,000 cubic kilometres or the equivalent of some 2,000 million tonne, and coal reserves are about 600,000 megatonnes or the equivalent of about 14,000 million tonne.

The present imbalance between the known reserves of fossil fuels and their rate of production, as have already referred to, indicates that unless an early corrective action is taken and some stringent forms of restraint and conservation are introduced and more reliance is put on coal and nuclear power, then our foremost sources of energy, namely petroleum, will be depleted prematurely, despite the abundance of other types of fuels and energy sources.

Iran with the guidance of His Imperial Majesty the Shahanshah Aryamehr, while making serious efforts to use her oil wealth to improve the standard of living of her people, has also pledged herself to a petroleum conservation ethic. In spite of its large reserves of petroleum, His Imperial Majesty has drawn up firm plans for the installation of large capacity nuclear power stations and extensive electrification of its major consuming markets in order to conserve its hydrocarbon reserves. It is anticipated that by the year 1993 about 15 per cent of Iran's total energy requirement will be supplied by nuclear power.

Iran has also taken steps to reinject associated natural gases into her oil fields both as a conservation measure and as a means of increasing the overall recovery of the petroleum reservoirs. Furthermore, plans are being drawn up to educate the energy consumers nation-wide to reduce wastage and conserve energy.

We must also note and acknowledge the recent efforts and successes of many nations, in particular the United States of America and Western European countries, in the area of total energy conservation. The interest shown by the United Nations Economic Commission in this respect and towards the promotion of conservation is also commendable. Let us hope that these achievements will not be a temporary measure but will become a permanent concern and, indeed, a way of life for all.

Turning now to Iran's progress in her oil industry during the past year, six new agreements were concluded with foreign companies. The agreements, known as exploration

and development agreements, differ from the former contract-type agreements in that the contractor is not entitled to receive oil at (tax paid cost (production cost plus income tax). After exploration, production from commercial fields will be undertaken directly by NIOC, while the second party will purchase, under a separate 15-year sales agreement, 30 to 50 per cent of the production at a discount of between 3 and 5 per cent. NIOC received a total of about \$50 million in signature bonuses under these agreements.



Trans-Iranian Gas Trunkline to U.S.S.R.

Following the great victory of OPEC in October 1973 when oil prices were raised from \$2 per barrel to a real price of \$10 a barrel, Iran's oil revenues last year rose to nearly \$20 billion and this made possible a great increase in our development projects and progress.

Although the increases in crude oil production and exports were not significant, the country's oil revenues rose considerably. Iran's total crude production amounted to 349 million cubic meters, a rise of 2.8 per cent over 1973, and total crude exports reached 312 million cubic meters, 1.7 per cent higher than the previous year.

The country's oil refineries operated at a maximum capacity during the year, processing 330,000 barrels of oil per day. Construction of the second Tehran Refinery with a capacity of 100,000 barrels per day, which started in March 1973, was completed during the year.

In 1974 direct crude exports by the National Iranian Oil Company increased considerably. Total crude oil supplied to NIOC under the new oil sale and purchase agreement, and also by the joint companies, for direct export amounted to 24.3 million cubic meters, valued at \$1,977 million, an increase of about 28 per cent in quantity and 4.5 times in value.

During 1974 efforts were made by the National Iranian Gas Company to further expand and exploit the nation's gas resources, increase gas exports and extend supplies to the cities. Total gas exported to the Soviet Union amounted to 9,085 million cubic meters, a rise of 4.7 per cent over the previous year.

An agreement was signed last summer between the Ahwaz Pipe Company and America's TME International and Kaiser Steel for the establishment of two new pipe mills each of 240,000 tons/yr capacity for making pipes of 8 to 22 inches and 24 to 56 inches respectively. The project will cost about \$77 million, and is scheduled to be completed within 24 months.

During 1974 the National Petrochemical Company continued to set up new plants and expand the productive capacity of the existing ones. The carbonate and bicarbonate of soda plant, which represents the first phase of the expansion of the Shiraz Chemical Complex, was commissioned last April in the presence of the Shahanshah Aryamehr. This plant has an annual capacity of 53,000 tons of carbonate soda and 10,000 tons of bicarbonate of soda, which at present meets internal requirements. The project was completed at a cost of 1,290 million rials. The project to boost the production of P.V.C. by the Abadan Petrochemical Complex from 20,000 tons to 60,000 tons a year is already under way. Construction of the Ahwaz carbon black factory was completed last year and experimental operation started. The plant, one of the most modern of its kind, can supply 95 per cent of domestic needs. The shareholders are the National Petrochemical Company with 20 per cent, the Industrial Mining and Development Bank of Iran with 10 per cent, the World Bank with 10 per cent, the private sector with 10 per cent, and the Cabot Company with 50 per cent.

On this and the facing page Roger Vielvoye, Energy Correspondent, and Gregory Lima look at the problems and blessings of owning a great natural asset—paymaster to the Shah's industrial programmes

Crucial decision must be taken when freeze ends

On September 24, the by the world economy at Organization of Petroleum the moment. But if the oil Exporting Countries (Opec) price remained unchanged, will meet in Vienna, six the true purchasing power days before the nine-month freeze on crude oil prices \$5 at most and that was comes to an end. The main unacceptable to the producers.

Saudi Arabia and Venezuela will argue that in the present circumstances the market might not be able to stand a substantial rise of the level envisaged by the Indonesians and Nigeria, all Algerians and that it might oil producers with ambitious industrialization plans. Iran has upgraded its development programme to absorb the big increase in oil revenues over the past two years.

But, as all these countries have discovered, inflation has eaten into the buying power of the oil revenues by between 25 and 35 per cent. They must either adapt their investment programmes or recoup the lost buying power through a substantial price increase.

At the Opec meeting in Algiers last month, the oil producers took the decision in principle to raise prices but did not discuss how large the increase should be. In Vienna, Iran is expected to take a position somewhere between the Algerian-led faction calling for a substantial increase in prices to make good the effect of inflation and the Saudi Arabia-Venezuela-led moderates.

Algerians have freely talked of increases of 30 per cent which would represent an additional \$3 a barrel and take an extra \$25,000m (about £10,000m) out of the western economies at a time when most of them were just recovering from a serious recession.

Iran's interior minister said in a recent interview that while oil revenues had dropped about 30 per cent since September, 1974, a sudden rise in prices of that amount could not be borne

by the world economy at the moment. But if the oil price remained unchanged, the true purchasing power days before the nine-month freeze on crude oil prices \$5 at most and that was comes to an end. The main unacceptable to the producers.

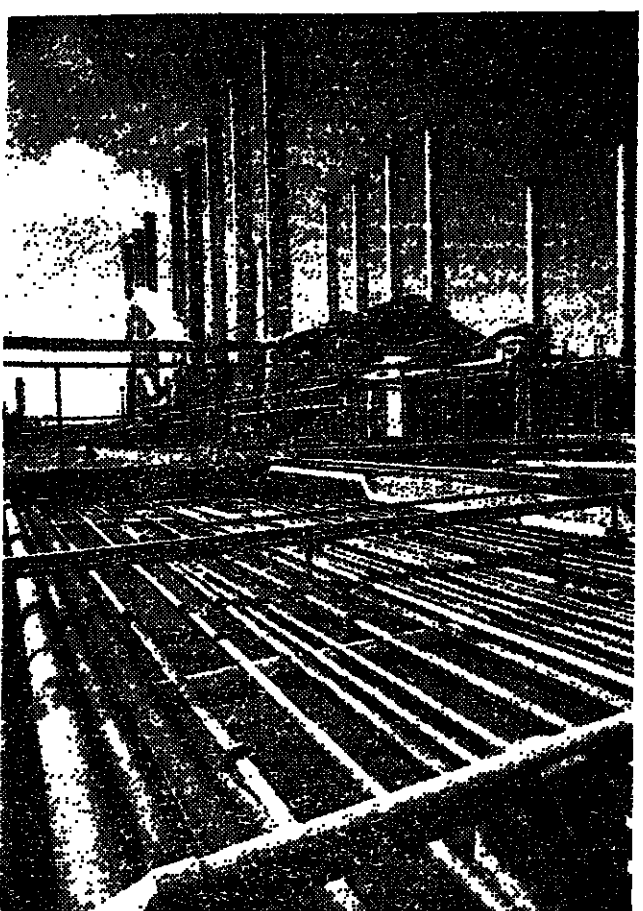
Much will depend on the way demand for oil from the consuming countries picks up between now and the September meeting. If the oil prices rise by between 25 and 35 per cent, the current depressed levels then the more cautious voices within the organization are likely to prevail.

But should deliveries increase, then countries like Algeria may persuade Iran and other middle of the road members that the consumers can afford to make good the damage done to development schedules by inflation.

In Opec deliberations Iran is also one of the leading advocates of indexing crude oil prices—relating them to movements in the cost of capital goods and manufactured items imported by the oil producers.

Producing an index that provides each Opec nation with adequate protection against inflation would be difficult because of the diverse nature of imports in different member countries.

Indexing is not an idea that has many supporters in the oil-consuming countries and so far the complexity of devising an index has defeated Opec's experts. A special commission is making yet another attempt to grapple with the problem



The refinery at Abadan. Iran is now facing the question of whether to increase prices to take account of the effects of inflation.

and there is an outside chance that it may be able to report in Vienna in three months time.

As well as deciding in principle that oil prices will rise from October 1, Opec, the past 12 months. Having been a party to the Opec decision to accept the SDR as the unit of account, Iran's interior minister later in the month caused considerable consternation by questioning the

wisdom of the move. He contended that the dollar would strengthen and that producers would regain their lost revenues, an advantage they might lose if the switch to SDRs was carried through.

Two other important Opec policy decisions could have a significant effect on Iranian policies and the future development of hydrocarbons. In Libreville, Opec experts persuaded delegates to consider pricing exports of natural gas in the same way as oil.

A special commission has been set up to consider how it can best be done although it may be some time before it is ready to report. As a big producer of natural gas, Iran, with its ambitious plans for exploiting gas even further, stands to gain more than most from a positive Opec policy on gas prices.

Unified pricing will cover pipeline gas, liquid natural gas and liquid petroleum gas (LPG), a by-product of refining. Coordination exists between Iran and Kuwait, the largest exporters of LPG, and also between Iran and Algeria, the biggest exporters of liquefied natural gas.

Another commission is also investigating the many differentials between various types of crude oil in an attempt to evaluate the real values of Opec crudes. Varying credit terms, freight premiums, and other quality differentials make direct comparison between crude oil prices difficult—a situation that Opec would like to remedy.

Iran has a particular interest in the work of this commission since it has been under growing pressure to realign its prices with Saudi Arabian crudes as buyers are complaining that Iranian supplies are overpriced.

R.V.

Stringent efforts to save fuel

In company with the other oil-producing countries, Iran has felt the effects of the slump in demand for crude oil during the past 12 months. An industrial recession in the main consuming countries, stringent efforts to conserve fuel in the wake of a fivefold increase in prices, an unseasonably warm winter in Europe and the trimming of generous stock levels in many countries have contributed to a fall in demand that has reduced the overall output from Opec countries by more than 20 per cent.

Iran began the uncertain period that followed the restoration of full supplies from the Arab countries by maintaining its production at fairly high levels. Saudi Arabia's action in allowing production to fall from more than eight million barrels a day to just over five million helped to ensure that Iranian production did not immediately suffer the same fate as a number of countries where high cost high-quality oil contributed to a substantial fall in "liftings" by the oil companies.

But as the slump continued into the early summer oil company customers for Iranian oil began to complain that it was overpriced compared with the "marker" crude from across the Gulf in Saudi Arabia. As a result Iranian oil output in May dropped to barely 5,100,000 barrels a day, the lowest figure since September, 1972. This coincided with the first upswing in production throughout 1975 in production in Saudi Arabia—an average of more than a million barrels a day—since the slump in demand for crude became noticeable.

Productive capacity is about 6,500,000 barrels a day and it is thought that this will go no higher than a few percentage points over its record levels. Since then, however, the consortium of western oil companies, which has contracted to buy the bulk of Iranian output, has consistently cut back its liftings and in May there was a further 19 per cent decline, reducing their off-take to just over 4,600,000

barrels a day. Only a small increase in output from non-consortium fields prevented a more dramatic slump.

Customers for Iranian oil contend that the low sulphur premiums which Iran was able to introduce when it decided to maintain full output during the Arab producers' embargo and production restrictions in 1973-74 are no longer justified in the present situation. The Opec-set oil company profit margin of 22 cents a barrel is not available to the companies from Iranian oil because of the low returns they get from refining the high-cost oil.

Despite pressure in the form of falling sales, the Iranians are unlikely to adjust their prices until new overall levels are set by Opec in September. The problems presented by overpricing Iranian crude have also resulted in an accommodation being reached with the oil companies on handling increased production costs.

When the companies balked at absorbing the increased cost of getting oil out of the ground into their reduced profit margins, the that Iranian production did not immediately suffer the same fate as a number of countries where high cost high-quality oil contributed to a substantial fall in "liftings" by the oil companies.

Falling production is naturally a great disappointment for the Iranians who had been banking on increasing revenues to finance their development programme. Combined with the effects of fluctuations in the price of the dollar and world inflation levels, these production cuts have forced planners to reassess development schemes. The day, the lowest figure since September, 1972. This coincided with the first upswing in production throughout 1975 in production in Saudi Arabia—an average of more than a million barrels a day—since the slump in demand for crude became noticeable.

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between 3,500,000 and nine million barrels a day, a far get that is no longer mentioned.

Much of the future success of the Iranian oil industry now rests with new exploration groups which are operating in Iran. However, the terms under which these groups explore are considered tough. Companies which look for oil will not receive an equity stake in a commercial discovery nor is there compensation for unsuccessful prospecting.

NIOC will take over any commercial find and sell to the exploration company for a limited period up to 50 per cent discount on the market price. A further undisclosed discount is available for the recovery of successful exploration and production expenses.

Not only has production been disappointing, NIOC plans for establishing several major export refineries in Iran have also run into problems, again mainly as a result of the changing energy situation in the consuming countries. Selling refined products is far more profitable than selling crude oil.

First of the export refinery plans to be shelved was a joint venture between Shell Oil (the Royal Dutch-Shell Group's American affiliate) and NIOC. Originally Shell entered the project in partnership with Cities Service, Commonwealth Oil Refining and Clark Oil and Refining, all companies anxious to acquire sources of refined products. But as the energy situation changed in the United States, these groups dropped out of the project leaving Shell Oil which was more interested in using the refinery operation as a lever to negotiate long-term crude oil supplies.

The bitterest blow has been the uncertainty over the feasibility of an NIOC-German export refinery capable of handling 500,000 barrels a day at Bushehr. A German consortium consisting of Veba, Gelsenberg, UK Wessling and Shell BP and Mobil's German subsidiaries, not as far as signing a letter of understanding on the project.

EEC tariffs combined with European market conditions have produced doubts as to the viability of the refinery and the consortium has told the Iranians can only go ahead if Iran willing to permit substantially lower export prices and a reduction in the size of the refinery perhaps to 250,000 barrel a day unit.

Oil industry sources say that both sides have been disappointed by the refusal to lift its tariffs on imported petroleum products to help the project. However there is a feeling among oil industry observers that the proposed Iranian prices, tied to Asian Gulf product prices, would be too high, so that shipment costs are higher for fairly small tanker loads than for large crude carriers.

Iran also caused a stir in the British oil industry with its proposed forcing a shareholding in BP's former 50 per cent stake in the Bank of England. The British Petroleum has had a long-standing desire for a shareholding in BP's former 50 per cent stake in the Bank of England. The British Petroleum has had a long-standing desire for a shareholding in BP's former 50 per cent stake in the Bank of England. The British Petroleum has had a long-standing desire for a shareholding in BP's former 50 per cent stake in the Bank of England.

Neither BP nor Government is prepared to agree to the arrangement which appears to have been allowed to slip into limbo.

By far the most significant deal pulled off by the Iranians since they began to exert control of the industry has been an agreement with BP to set a joint tanker fleet. BP's fleet at least 10 of its 90 oil tankers for \$30m and will then use a similar number to sell to the joint tanker company.

It is thought that at three of these ships be in the "superstar" class and several more 100,000 tons. A number of product carriers are also involved. The 20-strong fleet will be jointly operated by both parties moving oil from Iran. The ships will be operated from London eventually operations be transferred to Iran.

In similar vein, a consortium of Iranian banks, the American drilling tractor Reading and B are to form a joint company to acquire the rigs owned by the American company. The deal is worth at \$50m.

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IRAN'S BULK AND SEMI-BULK CARRIERS



Over the past few years there has been an almost unbelievable growth in Iran's economy, which has resulted in vastly increased imports of a complete range and variety of goods from abroad. The improved standard of living and the growth in population increased the consumption of both capital and consumer goods to a level where local manufacturers could no longer keep up with the pace. To satisfy domestic consumption, there was little choice but to increase imports of consumer goods as well as maintaining and raising the level of capital goods imports.

The South Shipping Lines-Iran Line was acquired as a fully-owned subsidiary of Arya National Shipping Lines to specifically carry bulk and semi-bulk cargo.

South Shipping Lines-Iran Line at present arranges for the transport of all such cargo to Iran from points abroad. South Shipping Lines-Iran Line receives the full support of its parent company, and since its inception one year ago, the young company has already contracted the shipment of considerable quantities of bulk cargo, including rice, grain, cement and pipes from all over the world.

Today, in chartering and fixture reports, South Shipping Lines-Iran Line is seen regularly as a charter of tonnage, and it has already made a name for itself for fast movement and efficiency. The South Shipping Lines-Iran Line currently owns four general cargo ships which were taken over from the previous management of the company.

In addition to their own four vessels, South Shipping Lines-Iran Line operates chartered vessels under contract. It is intended to continue along these lines during the coming year in order to ensure the continued rapid expansion of shipping tonnage and to keep pace with the increasing needs of the national economy.

Iran last year imported some \$10,000 million worth of imports, and a considerable part of these imports consisted of bulk and semi-bulk capital and consumer goods, including foodstuffs. South Shipping Lines-Iran Line looks forward in this coming and future years to transporting a larger percentage of these imports to Iran.

Its plans for the future include diversifying its own facilities in order to better handle the wide range of cargo involved. For instance, steps are being taken to develop their livestock and reefer cargo facilities.

South Shipping Lines-Iran Line is confident that it will be able to handle the increasingly diversified types of cargo to be imported to Iran, with speed and efficiency, to contribute its part to the national economic growth and improved standard of living in Iran.

South Shipping Lines-Iran Line,
Arya Building, Karim Khan Zand Ave.,
P.O. Box 387
Tehran, Iran.

Tel: 834891-2; 834230-1; 828258

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هنگامی که از اصل

New techniques to market natural gas

As Iran's oil output reaches a peak over the next few years and then declines, the country's natural gas reserves are being seen as the more likely way of ensuring that revenues do not decline with the oil.

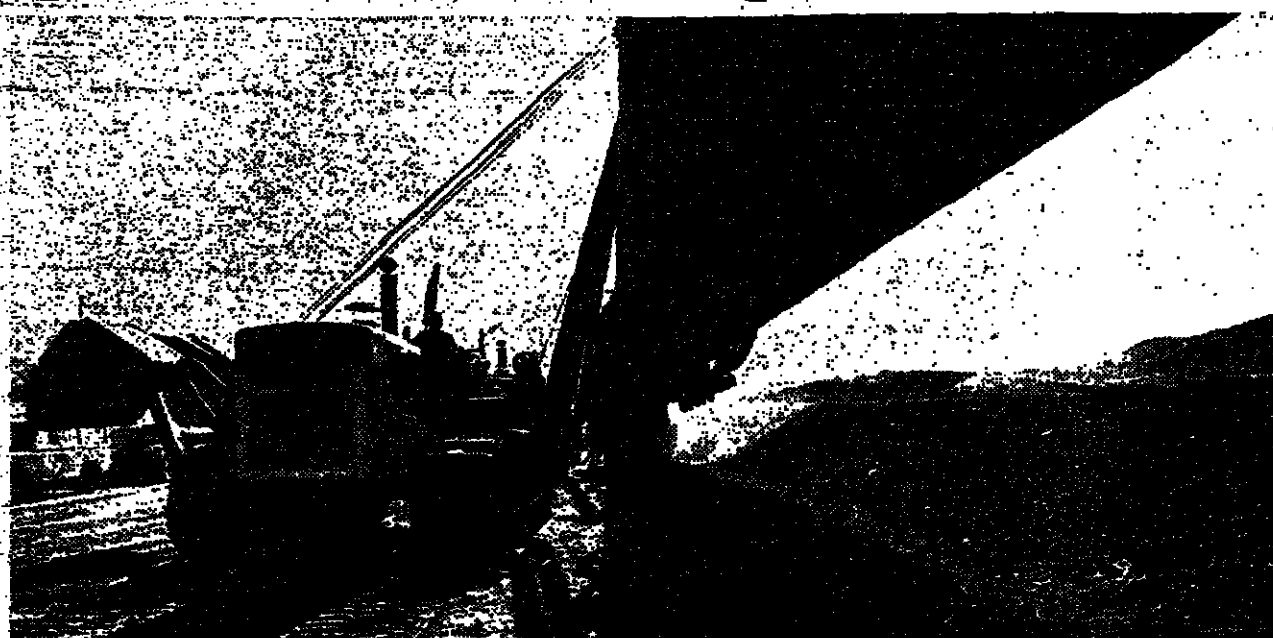
New techniques have been developed to market the vast amount of natural gas found in association with oil. These techniques have been developed to ensure that there is no waste of gas and that it can be transported to the main consuming countries in Europe, Japan and the United States.

Developments in pipeline technology make it possible to take gas from Iran into the heart of Europe and improvements in the technology for liquefying gas, so that it can be transported by tanker, have opened up markets in Japan and the United States.

As well as large amounts of gas found in association with oil, Iran has a number of extremely large dry gas fields. In 1973 a French-led group uncovered the Kangan field close to the Persian Gulf coast of Iran. Further drilling on the structure suggests that it may be the largest gas field in the world.

Estimates by the National Iranian Gas Company put the country's total reserves of associated and non-associated gas at between 250,000,000 million and 600,000,000 million cu ft. This makes Iran's gas reserves second only in size to those of the Soviet Union and greater than the United States, Algeria, Holland and Saudi Arabia. It has been estimated that if developed, the reserves could bring the country revenues of between \$800m and \$1,200m a year.

Gas development centres around efforts to reduce the amount of associated gas that is flared-off daily. Exports of gas to the Soviet Union and the use of natural gas as a feedstock for chemicals has helped Iran to utilize about 40 per cent of associated gas. While that figure is much higher than in most other producing countries, it still means that vast quantities are burnt off every day. In 1970 when Iran first achieved the 40 per cent utilization level associated gas production was only 2,800 million cu ft a day, that percentage level has been maintained, expansion plan is completed



Gas pipeline of the International Management and Engineering group.

although production has risen to 4,900 million cu ft. The Iranian Gas Trunkline (IGAT) took gas from the Persian Gulf coast oil fields to the Soviet frontier on the Caspian Sea. Its initial export capacity was 70 million cu ft, but the completion of a big expansion project earlier this year pushed the figure to over 1,000 million cu ft. The capacity of the expanded line is 1,500 million cu ft, but the additional 500 million cu ft allows communities along the pipeline route to be supplied with gas.

Capacity to be doubled

Demand for gas from the chemical industry is also growing. Supplies started to flow in 1961 when the National Petrochemical Company (NPC) opened a gas-based fertilizer plant at Shiraz that now uses about 13 million cu ft of gas from the Gachsaran field. That was supplemented in 1966 by the opening of the Abadan Petrochemical Company in which B. F. Goodrich, of the United States, has a 26 per cent interest. The plant which is undergoing a big expansion programme uses 5.5 million cu ft of natural gas and 4.5 million cu ft of gas from the refinery near by.

One of the biggest users of gas as a feedstock will be the National Petrochemical Company's Bandar Shahpur plant which will consume 200 million cu ft when a big expansion plan is completed

in the next two or three years. On Kharg Island in the Persian Gulf, the Kharg Chemical Company, a joint venture between NPC and Amoco, is using 150 million cu ft of associated gas from the offshore Darius field and from a number of wells on the island itself. The capacity of the plant will be doubled by next year.

Gas consumption by the petrochemical industry will rise sharply when three new projects either under construction or at an advanced stage of planning go into production. The Iran Carbon Company, a joint venture between NPC, the Mining and Development Bank of Iran, the Cabot Corporation and the International Finance Corporation, is about to complete a plant at Ahwaz. Also under construction is a 16in joint venture by NPC and Nissio-Iwai and Mitsubishi of Japan.

Construction is expected to begin this year (for completion in 1978) of a petrochemical complex at Bandar Shahpur by a joint venture company between NPC and a Japanese consortium led by Mitsui. The plant will use associated gas from the Kharg Island oilfield and naphtha from the Abadan refinery. Rising costs of building the complex system for gathering the associated gas may push the final cost well beyond \$400m.

Further main petrochemical projects are under serious consideration, including joint ventures between NPC and Bayer of West Germany and Inventa of Switzerland; Dynamit-Nobel of West Germany and a number of private Iranian

investors; a Japanese consortium headed by Marubeni and individual companies such as Union Carbide, Dow Chemical and ENI of Italy.

Only two of the non-associated gasfields are being exploited. The Saradish field, near Qum, with estimated reserves of 1,500,000 million cu ft, is supplying gas to the Abroz industrial centre. The much larger Khargan field near Sarakhs, with an estimated 20,000,000 million cu ft of reserves, is linked by pipeline to Meshad. A further pipeline to Neka is planned to promote industrial development in the north-west region.

Tripartite deal made

The National Gas Company is determining the extent of a number of gasfields in the former consortium area, including reserves on Qeshm Island. If reserves are sufficient, gas will be piped to Bandar Abbas for use in a power station and industrial projects. A pipeline to Kerman is also planned, which could take production from this area to 800 million cu ft by 1982.

By far the most ambitious plan is that to exploit gas from the huge Kangan field discovered by a group led by Elf-Arap at the beginning of 1973. A tripartite deal between Iran, the Soviet Union and Ruhrgas of Germany has been set up

under which Iran will supply 1,300 million cu ft of gas to the Soviet Union for use in its southern industrial areas while Russia will pipe 1,000 million cu ft of gas into West Germany from its Tyumen gasfield in Siberia. Ruhrgas may resell about half of these supplies to utilities in France, Italy and Austria. The project would involve the construction of a parallel line to the IGAT system.

The European discovery group also has a 25 per cent share in the gas and is preparing plans for a pipeline from Kangan to the port of Iskenderun on the Turkish Mediterranean coast, where the gas would be liquefied and shipped to European markets by tanker.

Plans are also being made to exploit a new offshore gasfield in the Gulf south of Bushehr. Most advanced is the Kalingas project for liquefying 800 million cu ft of gas for export to Japan. The ultimate capacity of the project would be 1,600 million cu ft. The Kalingas project is a joint venture between the National Gas Company, International Systems and Control and Chicago Bridge and Iron (both from the United States); Nissio Iwai of Japan; and two Norwegian companies, Olsen and Halfdan Ditlev-Simonson.

A letter of intent has also been signed between the Iranians, El Paso of the United States, and two Belgian companies, Sorex and Distrigas which would involve exports to Europe and the United States.

Developing alternative uses for oil

A multi-billion dollar expansion of the petrochemical industry in Iran is under way aimed at using a minimum of 5 per cent of Iranian oil production as petrochemical feedstock before the end of the 1970s.

This proportion is scheduled to double by the mid-1980s with a target of about a million barrels a day of oil production diverted to the manufacture of petrochemical intermediates for the domestic market and for world-scale exports.

Behind this policy is the conviction that the future of oil and gas lies in petrochemicals. It will be petrochemical exports which will sustain the high Iranian oil income level when the source of energy, as a feedstock for the petrochemical industry, is exhausted.

Use of hydrocarbons in industry are basically: as a source of energy, as a feedstock for the petrochemical industry, and as a feedstock for the petrochemical industry.

In the first two of these functions there are alternate sources of supply, but in the third there is no immediately foreseeable substitute.

Iran is strongly supporting the search for alternate sources of energy by moving into atomic reactor technology as quickly as possible, locating atomic power plants throughout the country as a substitute for the expected additional inland oil refineries.

Iran is also trying to augment the use of oil and gas as an industrial processing aid, specifically as a reducing agent in the manufacture of steel, every known process being applied in Iran's present bid to become a main steel producer.

But the bulk of the effort is the use of oil in petrochemicals. The prospect has a strong economic attraction. If Iran can succeed in diverting up to 10 per cent of its total oil and gas production into petrochemical intermediates and final products, the value would be more than twice as high as the income derived at present prices from the sale of the remaining 90 per cent of crude oil and gas.

Iran's oil-rich neighbours have plans for industrial diversification through petrochemical manufacture. But Iran has important competitive advantages.

The petrochemical industry in the Middle East was pioneered in Iran, and over

the past decade with the 1965 law for the development of petrochemical industries, skilled managerial and technical cadres have been built up. Over this same period an important role for petrochemical development was foreseen in the planning of the total industrialization of Iran. Thus, Iran has clearly defined projects, each closely integrated to both actual and potential demand in the domestic economy.

Moreover, Iran was quick to understand and accept a fact of life. Petrochemicals is not only a capital-intensive industry, but one with a rapid rate of technological obsolescence. It is necessary to have access to a continuing fund of advanced production technology, a large and active research establishment, and new product development.

The only manner in which this can be quickly achieved is in joint ventures with leading companies in the petrochemical industry. Thus Iran has offered a part of its rapidly expanding domestic market, access to abundant raw materials, and strategic location in a region of the world where petrochemical use will rise rapidly in return for the technology and a share in assured export markets.

The policy is for the public sector to construct huge core units of optimal economic size, feeding intermediates to private sector finishing industries.

Because of the need first to build up the large core units, most activity in the petrochemical sector has been located in the public sector, but today important projects are under way in the private sector, as well.

To date there are five main operational public sector complexes, all located in the southern part of the country, close to the source of raw materials. These include the Iran Fertilizer Company near the city of Shiraz. A fairly small complex established in 1961, it is being expanded to large size for completion by 1978 with the following product slate: Ammonia 400,000 metric tons a year; Urea 500,000; Nitric acid (100 per cent) 200,000; Ammonium Nitrate (30 per cent N) 250,000.

The Abadan petrochemical complex is this year completing a tripling of production to 60,000 tons annually of pvc.

The Shahpur Chemical Company, which at the time of its implementation was one of the largest fertilizer complexes in the world, is doubling capacity to produce by 1978 the following products: Ammonia 330,000 metric tons a year; Urea 500,000; DAP 200,000; MAP 200,000; Sulphuric acid 625,000; Phosphoric acid 280,000.

Other projects being studied include the construction of a 350,000 barrel a day

The Kharg Chemical Company is expanding sulphur recovery to 460,000 tons a year and LPG production to 590,000 tons a year.

Iran Carbon Company started this year with initial slate production of 16,000 tons a year of various grades of furnace carbon black. Plans call for a rapid doubling of this capacity to produce filler for the tyre industry which is expanding rapidly with Iran's car industry.

Two large ventures with Japanese companies are due for completion between 1976 and 1978. One, the Iran-Nippon Petrochemical Company, involves a first phase production of 23,800 tons a year of phthalic anhydride and 40,000 tons of diethyl phthalate. The second phase, to be started in 1977, involves the installation of a cracker for the manufacture of ethylene and propylene. Units for the manufacture of acrylonitrile and methyl methacrylate will also be installed.

The largest petrochemical project for Iran and one of the largest projects of its type in the petrochemical industry is the Iran-Japan Petrochemical Company. The project involves the manufacture of two main building blocks of the petrochemical industry: olefines and the aromatics.

There are other projects of somewhat similar magnitude in an advanced stage of consideration in Iran. One of these is for the production of 100,000 tons a year of caprolactum for the manufacture of nylon-6. By-products of this complex will be 280,000 tons a year of ammonium sulphate and 20,000 tons a year of nitric acid.

At Abadan, 70,000 tons a year of DMT for the manufacture of polyester fibre and film is expected to come on stream in 1978. A unit for the manufacture of 600,000 tons a year of chemical grade methanol on Kharg Island is also expected to come on stream in 1978.

The construction of a series of large export refineries along the Persian Gulf coast of the size of the Abadan Refinery has been considered in the effort to upgrade the value of oil exports from Iran. Each of these refineries would include an adjacent petrochemical plant of huge size.

Iran has already started this trend by scheduling the building of such large plants to operate in conjunction with Abadan Refinery. One plant will manufacture 800,000 tons a year of aromatics. The resulting benzene and xylenes will provide the necessary raw materials for additional plants. The complex is to be on-stream in 1978.

Other projects being studied include the construction of a 350,000 barrel a day

chemical refinery, the manufacture of 100,000 tons a year of single-cell protein, a spate of new fertilizer complexes located near the recent discovery of huge natural gas reserves, notably in the north-east of the country, the manufacture of ethanol and isopropanol and the production of isoprene and polyisoprene rubber.

Meanwhile, a series of new ventures have been announced, comprising letters of understanding with Dow Chemicals Europe for the manufacture of petrochemical products and plastics in Iran from natural gas, condensate and naphtha feedstocks with a total investment of \$1,000m.

Another venture with Union Carbide Corporation has been announced which includes the manufacture of ethanol, 400,000 tons a year, isopropanol, 140,000 tons a year, and ethylene glycol, 300,000 tons a year. This agreement has the feature of Iranian participation in Union Carbide Caribe, which owns an existing petrochemical complex at Ponce, Puerto Rico, with Iran supplying 50,000 barrels a day of naphtha to that complex.

An agreement has been signed with ANIC for the manufacture of fertilizers based on the natural gas supplied from the new Kangan field near Bandar Abbas. It will produce in its initial stage 460,000 tons of urea and 180,000 tons of ammonia, and come on stream before 1980.

Meanwhile, in the private sector, local industrialists have started construction on a plant near Isfahan with a capacity of 40,000 tons of urea. Four of the United States, with a complex producing 42,000 tons a year of polyester fibre, staple and filament, and acrylic fibre, staple only, with expected completion in 1978.

British Industrial Plastics has entered the Iranian industrial scene with a plant scheduled to come on stream in 1976 producing: Formaldehyde (37 per cent), 35,000 metric tons a year; Urea/formaldehyde and melamine/formaldehyde moulding compounds, 10,000; Urea/formaldehyde resins, 6,000; Phenol/formaldehyde resins, 5,000; Phenol formaldehyde moulding compounds, 5,000.

The industry in Iran is to a stage of dynamic expansion with so great a number of projects under consideration that the present status at any time requires an updated revision of firm projects. It is one of the few sectors of the Iranian economy which is being encouraged to expand in every direction without planned ceilings on the amount of investment capital to be allocated to the industry.

G.L.

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Focus

Research by Susan Morgan

Balance of payments

United Kingdom exports to Iran (£'000)				
	1973	1974	Jan-April 1974	Jan-April 1975
Food and live animals	1,451	2,081	582	3,127
Beverages and tobacco	479	852	158	815
Crude materials, inedible except fuel	2,095	13,954	2,143	13,115
Mineral fuels, lubricants and related materials	649	481	86	272
Animal and vegetable oils and fats	77	118	28	64
Chemicals	13,435	27,433	7,458	9,402
Manufactured goods	19,858	33,054	6,937	19,184
Machinery and transport equipment	99,249	143,305	38,757	74,895
Miscellaneous manufactured articles	6,066	8,734	1,942	5,413
Other commodities	26,054	48,567	11,419	11,225
Total	169,142	278,580	69,509	137,593

Source: Department of Trade

United Kingdom imports from Iran (£'000)				
	1973	1974	Jan-April 1974	Jan-April 1975
Food and live animals	4,135	4,885	978	1,887
Beverages and tobacco	0	21	9	9
Crude materials, inedible except fuels	4,192	4,000	1,637	762
Mineral fuels, lubricants, related materials	220,532	493,471	52,603	232,409
Animal and vegetable oils and fats	387	780	110	24
Chemicals	5,865	7,305	2,050	2,564
Manufactured goods	867	1,802	584	949
Machinery and transport equipment	1,275	781	233	358
Miscellaneous manufactured articles	128	225	23	204
Other commodities	237,381	513,270	59,218	238,967

Source: Department of Trade

Number of foreign tourists and revenues from tourism		
Year	Number of tourists	Revenue (est US\$ m)
1957	5,783	—
1958	8,375	—
1959	120,732	21.0
1960	125,876	21.0
1961	181,498	26.1
1962	204,620	33.1
1963	282,905	42.2
1964	254,786 (2)	38.4
1965	298,633	42.2
1966	353,229	45.0
1967	411,506	56.5
1968	379,515 (4)	50.0 (est)
1969	420,000 (est)	58.0 (est)
1970	1,000,000 (proj)	130.0 (proj)

1) First year of the fourth plan.
2) Decreasing because of the Middle East crisis.
3) First year of the fifth plan.
4) Decreasing because of the sub-continent crisis.
5) End of the fifth plan.

Source: Iran National Tourist Organization

Before the development of the oil industry, Iran's exports consisted of vegetable and animal products (about 75 per cent) and handicraft manufactures (mainly Persian rugs) about 25 per cent. More recently, however, Iran's external trade sector has been transformed by oil. Now, although the total volume of trade has increased, and that of non-oil exports has increased in volume, proportionately the latter has declined, largely because of the increased revenue from oil in the past few years.

Total foreign trade, exports and imports, rose from \$3,300m (about £1,434m) in 1969-70, to an estimated \$32,000m (about £13,900m) in 1974-75. But the relative share of non-oil exports has declined from about 14 per cent of foreign exchange earnings in 1969-70, to about 4 per cent in 1974-75.

Between 1969-70 and 1974-75, the value of traditional exports (such as carpets, cotton, fruits, hides, minerals and spices) increased

from \$200m to an estimated \$650m. The value of new industrial exports (such as clothing, chemical products, foodstuffs and vehicles) rose even more steeply, from \$30m to an estimated \$150m. Major trading partners are the European Economic Community, Eastern Europe, Japan and the United States. Iran's imports have increased from around a total of \$2,000m in 1969-70 to more than \$8,000m in 1974-75.

About two-thirds of total imports consist of raw or intermediate materials (minerals, paper, plastics, chemicals, textiles, yarn, iron and steel), a quarter consists of capital goods (machines, electrical and transport equipment) and about 13 per cent are consumer items, such as food, clothing, live animals and miscellaneous manufactured goods.

Most of Iran's imports come from the EEC (35 per cent), to which West Germany, France, Italy, Japan and the United States follow.

Iran's exports are generally in deficit on a net basis; for the

United States 13 per cent, Eastern Europe 10 per cent and the rest of the world 27 per cent. Iran is the fourth largest oil producer and the second largest oil exporter in the world. In the past few years, oil exports have increased from about 1,300 million barrels in 1969-70 to about 2,100 million barrels (nearly 300 million tons) in 1974-75. About 95 per cent of petroleum exports are in the form of crude, and of this about three quarters is directed to Western Europe (41 per cent) and Japan (35 per cent).

Refined petroleum exports go mainly to developing countries and Eastern Europe. Natural gas exports are now the second most important source of foreign exchange earnings, and are expected to reach \$190m in 1974-75.

Services (including travel, study, medical treatment, interest remittances and interest payments on external public debts) are generally in deficit on a net basis; for the

first time in Iran's history, however, the figure for foreign earnings from central bank external reserves and public investments abroad will be positive in 1974-75. However, more liberal exchange allowances for external payments, particularly in foreign travel, are expected to increase the services

deficit until tourist inflow and capital earnings abroad improve sufficiently. In the past the increase in petroleum revenues was not sufficient to cover fast-expanding imports of goods and services and the current account normally always registered a deficit. Annual external sector deficits were

usually financed by foreign official loans. In the past two years, however, the current account has registered a sizable surplus, and many of the previous loans have also been repaid before maturity. In 1974-75, the current account is expected to show a surplus of almost \$12,000m, despite an

expected 70 per cent increase in imports. The capital account is expected to show a sharp reversal from a net inflow of \$590m in 1972-73 and \$740m in 1973-74 to a net outflow of \$4,300m in 1974-75. The overall balance of payments is expected to register a surplus of about \$7,700m.

Summary of Iran's external receipts and payments (in \$m)				
	1969-70	1972-73	1974-75 (estimate)	Period*
A. Receipts:				
Oil sector	1,185	2,585	20,500	
Non-oil exports	230	465	810	
B. Payments:				
Imports	-1,730	-3,000	-8,500	
Services	-155	-175	-810	
C. (A + B)	-470	-125	12,000	
D. Non-monetary capital (net)	400	590	-4,300	
E. SDR allocation	20	22	—	
F. Changes in reserves (decrease -)	-50	487	7,700	

Source: Bank Markazi Iran (figures rounded)

Foreign trade (in \$m)							
Period*	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Oil sector:							
Exports	1,704	1,984	2,425	3,669	4,151	10,839	
Imports, oil	86	120	95	124	128		
Balance	1,618	1,864	2,330	3,535	4,023		
Other trade:							
Exports	217	244	286	379	512	621	
Imports, oil	1,420	1,619	1,828	2,361	3,036		
Balance	-1,203	-1,375	-1,542	-1,982	-2,524		
Total trade:							
Exports	1,921	2,228	2,711	4,048	4,663	11,560	
Imports, oil	1,516	1,739	1,923	2,485	3,164	3,616	
Balance	405	489	788	1,563	1,499	7,944	
Foreign oil sector receipts retained abroad	632	746	906	1,267	1,486		

*Columns 1-5: Iranian years beginning March 21; column 6: year beginning January 1. Source: Chemical Bank

Telecommunications

There were 270 postal units and about 1,500 postal representatives in Iran last year and 300 other postal units will be set up by the end of the fifth plan. As from this year, computerized methods for sorting and distributing mail will speed deliveries.

Two million new telephone numbers will be connected during the fifth plan.

By the end of the sixth plan (1982-83) some 7,500,000 new telephone lines will have been connected. Four international companies have put forward proposals for the total renewal of the telephone cable network, part of a 25-year plan set out by the Telecommunications Company of Iran. The Indian Ocean communications satellite earth station antenna (cost: \$8m) (1982-83) went into operation last September. The Integrated National Telecommunications System (INTS) is a network originating from the Persian Gulf to the Caspian and involving 555 sites in Iran. It is funded by the Plan and Budget Organization. Work has been carried out by a consortium of leading firms.



Ferdowsi Square, Tehran.

Projected power generation in coming years (million kW hours)			
Year	By public sector	By private sector	total
1974-75	12,008	2,857	14,865
1975-76	15,400	2,950	18,350
1976-77	19,407	4,243	23,650
1977-78	23,159	4,341	27,500
1978-79	28,770	4,430	33,200
1979-80	38,150	4,530	42,680
1980-81	43,200	4,620	47,820

Source: Iran Almanac 1975

Imports and exports (million rials)			
	1962-63	1972-73	1974-75
Import	1,918	4,610	19,109
Export	874	1,027	5,943
Balance	1,044	3,583	13,166

Balance: For 1962-63 = + 2,847 rials. For 1972-73 = - 8,535 rials.

Major agricultural products (1,000 tons)				
Crop	1962	1972 (end of the fourth plan)	1972 (fourth plan's targets)	1974*
Wheat	2,700	3,750	4,700	4,600
Barley	785	900	1,135	900
Rice (unhusked)	700	1,000	1,400	1,350
Cotton (ginned)	85	148	200	210
Sugar beet	860	3,880	4,500	4,200
Sugar cane	202	580	800	800
Tea (green)	48	120	100	100
Tobacco	19	18	20	20
Jute	1	1	—	1
Citrus fruit	120	350	—	400

Source: Iran Almanac 1975

Shah's dream of a return to former glories

continued from page 1

a split-second in time when measured against Iran's vast span of history. It is this only recently that the prognosis of that English visitor of 1907 has been made to look ridiculous.

Yet as far back as 1911, only four years after his visit, Iranian oil yielded its first revenue. However, only 16 per cent of this went to Iran, which remained (as much of it does to this day) a poor country then in the grip of a feudal society.

It was not until 1963 that Iran began to emerge from the stagnation of centuries. That was the year when the Shah proclaimed his White Revolution, when the large landowners (one of whom owned territory the size of Switzerland) had their estates bought by the Government and sold to the peasants on easy terms. Much of the compensation which the owners received was used to fund new industries.

Then, in late 1973, came the fourfold rise in the price of oil, bringing great wealth to Iran. The fifth five-year plan had to be radically revised to accommodate the sudden new revenues which have so dramatically changed the face and destiny of a nation as large in surface area as the whole of western Europe.

Fairly vivid changes have already occurred in the main population centres. Ten years ago, Tehran had a population of only 300,000. The Government is proposing to import more than twice this number of "guest workers" over the next few years. Today its population has reached four million. In areas where a few years ago there were only small farms, now there are huge apartment blocks and offices and wide, tree-lined boulevards.

Today an army of foreign businessmen, bankers and entrepreneurs lays siege to the Shah's capital, anxious to help him to spend his new riches. Here, in terms of results, America leads the way, supplying the largest individual portion of Iran's needs. Germany and Japan come next, with Britain in fourth place. Close behind lie France and Russia.

This year Britain's visible exports alone are likely to top \$400m against last year's total of \$278m. This represents something like 9 per cent or 10 per cent of the total Iranian market. To this must be added substantial invisible earnings from banking, insurance and transport.

Competition among hard-pressed western and Japanese manufacturers for the Iranian jackpot is predictably tough; tougher, it is said, than anywhere else in

the Middle Eastern market place. The Iranians are wily bargainers, and with growing inflation and warnings by the Government that public spending levels must be reduced, the going is likely to get tougher.

Last month Britain won a major "tank battle" against the Germans when the Iranians announced that they had decided not to buy the new German wonder tank, the Leopard, but to continue to equip their armoured units with the British Chieftain.

General Toufanian, the Shah's Deputy Minister for War, said at a press conference that although the German vehicle was the faster "our studies indicate that the British tanks are better than their German counterparts with regard to armour and mobility". The price, moreover, was half that of the German tank.

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Two other major markets where British engineering expert knowledge is earning Iranian rials are aviation and motoring. Although Iran Air flies mainly Boeings, its first two Concorde's are to go into service in 1977, while the Shah's best-selling car, the Peykan, is based on the Hillman Hunter.

Particularly welcome in Iran are foreign companies willing to take a financial stake in Iran's future through joint ventures. The joint venture is the name of the game today, one British embassy official told me.

Some alarm was caused among foreign firms last month when the Shah decreed that by October 1978 99 per cent of the equity of certain categories of state-owned enterprise must be sold to the Iranian public, and 49 per cent of the shares of certain types of private sector ones.

On first hearing this foreign firms taking part in joint ventures, or considering doing so, feared that this would apply to their own share of the equity. It now appears that the Shah's plan is to sell a small part of the city can cost £100 a week or more, so an hotel room will represent a saving for a single man.

Under the present law a visitor may stay three months in Iran without a work permit or becoming resident.

appears that this was a false alarm, and that the decree applies only to Iranian-owned equity.

For the same reason that the Shah broke up the huge feudal estates in the 1960s, he is now anxious to prevent the very wealthy, known as "the 1,000 families", from controlling industry. First option on the purchase of the shares will go to the workers of that particular industry, with the Government or the company itself helping out with soft loans.

Another new regulation which will affect foreign companies operating in Iran is designed to prevent firms from paying "sweeteners" to obtain contracts.

Welcoming the measure, and suggesting that it should also be made to include Iranian firms, the newspaper *Kayhan International* declared: "A period of economic boom such as Iran has been experiencing attracts many types of businessmen, entrepreneurs, developers; some of them legitimate, and some simply after easy profits. A period of boom also gives rise to a host of middlemen, fixers and influence pedlars."

The invasion of Iran by foreign businessmen is stretching the central's limit. A letter posted in Tehran to another part of the capital usually takes four or five days to arrive, and much of the appalling traffic congestion is said to be because people are forced to go to see people rather than write or telephone.

Unless one has booked months ahead, hotel accommodation is almost impossible to come by. In the three largest hotels in Tehran every room is said to be taken until 1976, while in some hotels visitors are to be seen sleeping on sofas in the lounge, hoping that someone will check out before too many days have elapsed.

Even if one arrives from the airport clutching a telex or letter confirming one's booking, it may be that there just is not a room. The trouble can sometimes be sorted out by the desk clerk in the traditional way of the East, or *hag-o-khesh* as it is known in Iran.

So bad have things become that the Government has been forced to instruct its overseas tourism officers to discourage tourists for the time being. By 1977, however, there should be a further 2,500 beds available in the capital as new hotels and extensions are finished.

The hotel crisis has been worsened by the fact that some foreign businessmen have found it cheaper to use a hotel suite as an office than to rent conventional premises. A fix in a pleas-

ant for tax. He can thus leave Iran for, say, Kuwait, for a day every three months, reentering the following day with carte blanche to remain for a further three months.

Such is the shortage of flats and houses that many companies have taken over entire floors in hotels for their staffs and families while others are occupied by diplomatic families.

British businessmen are in the forefront of this invasion, some 1,500 of them calling on the Tehran Embassy during the first five months of this year seeking some kind of advice or information. The staff of the commercial section has had to be increased in order to cope with them. Even this does not represent the true size of British interest in the Iran market, for many companies have local agents who brief their own visitors.

Greatness recalled

Some of the visitors, not only Britons, come to Iran "without doing their homework properly", one Iranian told me. One man even wanted to show us how to make bricks. We've been making them for 2,500 years, somewhat longer than in his own country.

Although the present transformation of Iran's economy is due to the fourfold increase in the price of oil, there is little doubt that without the Shah's driving ambition for his country and its people, whose one-time greatness under Cyrus the Great he is fond of recalling, nothing like the present growth rate would have been achieved. He has, moreover, surrounded himself with men of the highest ability; men who would find high office in any country in the world.

As everyone knows, he is quite ruthless when it comes to his White Revolution. When a hijacked Iraqi aircraft, fast running out of fuel, tried to land at Tehran airport, the pilot found that every runway had been blocked with vehicles on the Shah's personal orders. With the hijacker's plane on the verge beside the runway, the hijackers were surrounded and dealt with by a firing squad.

One anecdote told by the Shah in his autobiography perhaps provides a clue to his intense ambition for his country. When he was a schoolboy in land as a tradesman where he came from "Persia", he replied, "Oh yes, I've heard of that," said the man. "It's somewhere in America isn't it?"

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Focus

Industry

Exports amounted to 13,000 tons in 1973-74 and production of canned food, vegetables and preserves reached 22,000 tons during the same year—an increase of 5 per cent over the previous year's figures.

Sugar production reached 520,000 tons during 1973-74, 520,000 from sugar-beet, 82,000 tons from sugar cane and the rest from imported raw sugar (140,000 tons were imported).

Tea production reached 23,000 tons—a rise of 5 per cent over the previous year's figures. State-owned tea processing plants or plants under contract produced 17,000 tons.

Cigarette production in 1973-74 5,000 million tipped cigarettes, 8,400 million untipped cigarettes, and 610,000 cigars were produced. The total of pipe tobacco produced was 6,150 tons.

Textiles Domestic production of textiles, both cotton and artificial fibre, rose during 1973-74 to 520 million metres. Nevertheless, there was a shortfall and about 20 million tons of these same types of fabrics had to be imported. By the end of the fifth development plan output is expected to rise to 730 million metres of cloth and 155,000 tons of cotton and artificial fibre yarn. In the same year, 14,500,000 metres of woolen textiles were produced—12 per cent up on previous figures.

Industrial growth On average, industry has grown at 19.9 per cent a year from 1963-75. This year, industrial output has risen to 14,500 million (97,900 million in 1963). Highest growth rates were

Industry	Growth rate
Industrial growth in Iran (year ending March, 1975)	
Industry	per cent
Metal smelting	31
Automotive industry	35
Electrical machinery	25
Quarrying and building materials	28
Beverages	28
Paper and cardboard	20
Chemicals	23
Metal manufacturing	26
Wood and furniture	20
Rubber and tyres	16
Textiles	50
Clothing and footwear	50

For the first time in the country's history, total industrial output in Iran passed the million rial mark (\$6,666m)

Motor vehicle production 1974-75

Passenger cars (including four-wheel drive vehicles and ambulances)	71,889
Trucks (all types)	8,481
Buses and coaches (all types)	1,534
Minibuses	2,949
Ambulances on long chassis	87

Industrial production (1974-75)

Product	Output
Canned fruit and vegetables	25,000 tons
Biscuits	45,000 tons
Chocolates	3,000 tons
Sweets (boiled)	40,000 tons
Vegetable oil	247,000 tons
Sugar	700,000 tons
Tea	24,000 tons
Cigarettes	700 million bottles
Tobacco	14,400 million
Textiles (all types)	6,500 tons
Cotton yarn	616 million metres
Jute products	110,000 tons
Nylon yarn	6,000 tons
Knitwear products	43,600 tons

Development

Starting with the fifth plan which runs from March 31, 1973 to March 31, 1978, the intermediate five-year plans are designed in the framework of a long-term 20-year plan. Annual budgets, in their turn, operate in the context of the five-year plans. The main aims of the fifth plan are: the maintenance of rapid economic growth with minimum inflation, narrowing the income gap between rich and poor, fair distribution of social services, development of science and technology; to make Iranian industry competitive, to preserve and improve the environment, and to use foreign exchange reserves for foreign investment purposes, foreign aid and redressing domestic shortages.

Iran's real gross national product grew at an average of 11.2 per cent during the fourth plan period. It is estimated that Iran's gnp will reach \$55,300m by 1978, showing a real annual growth rate of 25.9 per cent during the fifth plan. The 1974-75 gnp is expected to exceed \$43,000m—up from \$11,500m a mere five years ago. Per capita real income is planned to increase by 22.3 per cent a year during the fifth plan.

Investment allocated to the mining sector is about \$984m. The aim is to integrate mining with the industrial sector and other economic activities to ensure the availability of raw materials.

Oil, gas and electricity resources will be developed to satisfy Iran's energy requirements. Nearly \$5,000m is to be spent on

Revenues	1972	1973	1974*
1 Administrative budget			
a General revenues			
Taxes	102.6	136.0	189.9
Oil and gas	178.2	288.8	445.0
Other revenues	21.3	17.5	19.2
Domestic loans	89.9	102.8	82.3
Foreign loans	25.8	35.4	68.6
Sub-total	417.8	580.5	785.0
Less 1974-75 oil	-2.6	-	-
b Private revenues	15.0	18.4	22.7
Total (1)	430.2	598.9	807.7
2 Government companies and organizations			
Income	202.9	400.5	56.2
Domestic loans	5.3	10.8	14.0
Foreign loans	9.5	9.1	8.0
Total (2)	267.7	420.4	584.2
3 Other establishments			
Income	12.4	19.2	25.6
Total (3)	12.4	19.2	25.6
Grand total (1+2+3)	710.3	1,038.5	1,417.5
Less overlap amount	132.3	214.1	328.7
Net total revenues	578.0	824.4	1,088.8

Source: Iran Almanac 1975

*Figures date from March of that year to the following March

Expenditures	1972	1973	1974*
1 Administrative budget			
a Payments out of general revenues			
Development funds	145.4	209.2	297.3
Current expenses	13.6	15.3	30.7
Fixed investment	131.8	193.9	266.6
Administrative payments	269.8	384.4	506.5
Expenses and payments	211.1	328.1	447.4
Repayment of domestic loans	43.6	35.8	36.3
Repayment of foreign loans	15.1	20.5	22.8
Total payment	415.2	593.6	803.8
Less payment not affected	-	13.1	18.8
Balance	415.2	580.5	785.0
b Payments out of private revenues	15.0	18.4	22.7
Total (1)	430.2	598.9	807.7
2 Government companies and organizations			
Expenses	256.2	408.4	575.3
Repayment of domestic loans	9.3	8.8	6.1
Repayment of foreign loans	2.2	3.2	2.8
Total (2)	267.7	420.4	584.2
3 Other establishments			
Expenses and payments	12.4	19.2	25.6
Total (3)	12.4	19.2	25.6
Grand total (1+2+3)	710.3	1,038.5	1,417.5
Less overlap amount	132.3	214.1	328.7
Net total expenditure	578.0	824.4	1,088.8

Source: Iran Almanac 1975

*Figures date from March of that year to the following March

Mining

During 1973-74 the mining sector showed a growth rate of about 34 per cent. Total value of mineral production exceeded 10,000 million rials. Exports of minerals rose by 19 per cent during 1973-74 to 1.8 million tons. For mineral production during 1973-74 see table.

A Swedish company—Angström—has signed an agreement with the Iranian oil Corporation to undertake various operations, while 10,000 million rials are to be invested in Iran's largest mine at Golgozar. There are believed to be reserves of about 200 million tons of oil in Iran.

Total copper reserves are believed to be about 1,000 million tons. Two new copper mines were discovered near Ahad and Sarcheshmeh mines of 100 million and 100 million tons respectively. During the fifth

Mineral production 1973-74	Output in tons
Mineral	
lead ores	108,000
zinc ores	80,000
chromite ores	200,000
refined sulphur	130,000

Mineral production 1974-75

Mineral	Estimated output in tons
Mineral	
copper	19,000
lead ores	11,600
zinc ores	2,400
iron ores	77,000
silicon	10,000
china clay	30,000
gypsum	1,000
sand and aggregates (including building stones)	237,000
refined lead	150

Prices were relatively steady during the 1960s but have risen in the 1970s. In 1973-74, the wholesale price index rose by 13.1 per cent, and by nearly 15 per cent in 1974-75. The rise in components of the index in 1973-74 was as follows: domestically produced and consumed goods 11.3 per cent, import price index 13.6 per cent, export price index 37.2 per cent.

The main reason for rising prices has been rapid increases in the cost of raw materials required by industry, particularly building materials and textiles.

The cost-of-living index rose by 11.2 per cent during 1973-74. This year the increase is expected to be about 30 per cent. Many food items have risen by 50 per cent, average rents by 30 per cent, clothing by 30 per cent, household goods by 20 per cent, and medical care by at least 10 per cent.

Cost of living

Consumer price index, urban areas (1969-70 = 100)	1972-73	1973-74	Final nine months of 1974
All items	113.8	126.5	145.6
Food	117.2	127.0	148.3
Clothing	111.5	129.5	147.6
Housing	116.8	137.3	167.6
House furnishings	113.3	144.0	173.6
Household operation	105.1	110.6	125.2
Transportation	105.0	108.8	114.8
Medical care	107.0	114.4	128.4
Personal care	112.4	123.8	136.9
Others	111.2	119.9	124.2

Source: Central Bank of Iran

Oil

Refining During 1973-74, crude oil was refined in Iran in the following proportions: the Teheran refinery, 3,300,000 cubic metres; the Abadan refinery, 22,500,000 cubic metres; Kermanshah refinery, one million cubic metres; the Shiraz refinery, 800,000 cubic metres.

The Tabriz Oil refinery with a daily capacity of 80,000 barrels is being constructed, and two other refineries are planned for Isfahan (100,000 barrels a day) and at Neka in Mazandaran (130,000 barrels a day).

Iranian Tanker Fleet: In 1974 tonnage in service was 184,498 dead weight tons, with new orders 860,000 dead weight tons. The National Tanker Company is expanding its tanker fleet. Estimates indicate that between 15 to 20 special tankers will be required to carry liquid petroleum gas. Some have already been delivered.

The total crude oil production (in million cubic metres) in 1973-74 was divided between the various companies as follows:

Company	Production (million cubic metres)
Iranian Oil Services (former consortium)	312.9
IPAC	7.4
SIRIP	4.2
LAPCO	10.7
MINOCO	5.0
NIOC	0.695

Source: National Iranian Oil Company (NIOC)

Domestic oil sales were 15 million cubic metres—up 17.4 per cent over the previous year.

In 1973 Iran's oil revenues from foreign sales totalled \$4,400m—an increase of more than 64 per cent over 1972; estimates of 1974 oil revenues were of over \$20,000m (Iranian calendar year).

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Too few hands to turn Iran into 'Western Japan'

by Atique Ahmad

The Shah of Iran once described his subjects to an interviewer thus: "I believe in the maturity of my people and their terrible intelligence—I mean terrible in the sense of something good. They can learn so quickly. With their hands they are like monkeys. They are more individualistic than the Swedes. Nevertheless if they did not work together we could not have achieved what we have achieved."

Any connoisseur of fine carpets who admires Persian workmanship will agree, but in terms of human resources it will take much more than intelligence, individualism and manual dexterity to solve Iran's manpower problems created by industrialization.

Iran has a population of more than 30 million. With a growth rate fixed at 2.9 per cent the population will increase to 35 million by 1977. Half the population lives in rural areas and agriculture is the principal activity, employing 40 per cent of the total labour force. No other oil-producing country is advanced or populous enough to match Iran's social and economic growth.

In 1973, Iran began its fifth development plan. The authors of the plan had put great emphasis on the use and development of the country's human resources, raising living standards, providing opportunity for productive employment for all new entrants to the labour market and abolishing seasonal unemployment were some of the basic objectives of this plan.

It was expected that investment in agriculture would produce large-scale quantitative and qualitative changes and the number of people engaged in that sector would decline by 50,000. Because of the decline in the work force in agriculture, 300,000 workers were estimated to move from rural to urban centres where 760,000 jobs were created in industry and mining.

In addition, construction and service industries were expected to provide 320,000 jobs. It was planned to create 1,800,000 jobs, a fifth of them for the professionals and technicians who included 23,000 engineers, 16,000 medical and related

workers and 190,000 educational workers.

The plan included provisions for meeting the great demand of manpower through different training programmes. Pre-service and in-service training was planned for 205,000 technicians and 604,000 skilled and semi-skilled workers. Attention was also paid to the training of teachers and instructors required for industrial training programmes. The Ministry of Labour and Social Affairs was made responsible for coordinating the educational programmes and the exigencies of the labour market. To meet the demand of highly-skilled technicians and professionals, Iranian planners had counted on new graduates from technical colleges and universities and on those Iranian nationals who would return home after finishing their studies abroad.

The ambitious plan was a good recipe for instant industrialization where priority was to obtain maximum rate of growth by quick means rather than to build up the economy from its grass roots. Too many corners were cut to achieve that objective. The reflection of strains caused by running the economy at such a pace has become visible in the acute shortage of both the experienced management and skilled labour.

It is estimated that by 1978 the current development plan will create 2,100,000 additional jobs and there will be only 1,400,000 Iranians qualified to fill them. The planners were expecting that a number of people would move from rural areas to urban industrial centres. They envisaged that even if modernization was concentrated on agriculture and the processing of agricultural products, there would eventually be a substantial shift from agricultural to non-agricultural activities, as even the process of agricultural mechanization of Denmark and New Zealand employed barely a fifth of their labour force in agriculture.

But less thought was given to the fact that the process of sector relocation is slow and unpredictable. It was more so in Iran where

authorities had created confusion in farmers' mind by frequently changing their policies. The "White Revolution"—now officially known as the "Revolution of the Shah and the People"—brought in land reforms in the name of social justice which divided agricultural lands into small holdings.

Afterwards, to achieve higher productivity, these small holdings were absorbed into large scale farms. In the name of economies of scale and efficiency "agribusiness" was introduced. The experience with the major agribusiness projects in the Southern Province has now run into serious troubles. Once again the chances are that government planners will be forced to revert to middle scale farming if the target of 5.5 per cent to 8 per cent



Making television sets in a Teheran factory.

annual growth rate is to be achieved.

The ill-coordinated management of the agricultural sector created a sense of insecurity among the less educated farmers. Most of them preferred to cling to their precious holdings. The few who opted to change their occupation were absorbed by the handicraft industries like carpet making, which is Iran's chief non-oil foreign exchange earner. Its export under the current plan is expected to exceed \$200m.

Others moved to main industrial growth points at Teheran, Esfahan, Tabriz and Arak. The secondary industrial growth centres of Rasht, Mashhad and Shiraz did not get their share of relocated work force.

The planners had estimated that 1,400,000 people would be coming to the labour market by 1978. The effectiveness of their contribution has already been a cause of concern. Political upheavals in educational

institutions and the drastic administrative structure of schools have compromised the educational standards. In universities a substantial part of the academic year has been lost as a result of student demonstrations over the arrest of political activists. Though, to some extent, those difficulties are being overcome by on-site training, courses in factories abroad and by such improvisations as mobile industrial training units.

The planners were also relying on their own nationals who would come home after finishing studies abroad. Unlike Saudis, who cheerfully come back after finishing their education abroad, Iranians still prefer to stay in foreign countries. West Germany has 1,230 Iranian doctors. One report in Time magazine suggests that the shortage of doctors, presently 22,000, could be wiped out if all the Iranian doctors living in the United States would come home. Most of the Iranians abroad

are convinced that at home is impossible though the Shah's ambitious programme could prescribe for Iran. Faced with these prospects, Mr. Hoveyda, Prime Minister, now mates that his country need as many as 700,000 skilled workers the Philippines is consideration. Iranian not sure they like the and few have much dence in the idea of ing on foreigners ever short-term solution? experience of foreign nicians in agriculture, manufacturing, fibre dustry and chemical been far from happy. of trained manpower prove to be a major strain in turning Iran the "Japan of W Asia"

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Loans + Discounts .. 18,607,441,017
Other assets 2,211,048,183

22,407,574,340

Customer's liabilities on L/Cs. & guarantees .. 26,478,423,663

TOTAL 48,885,998,003

LIABILITIES

CAPITAL 3,000,000,000
Reserves 493,137,019
Deposits + Banks .. 18,018,081,494
Other liabilities 896,355,827

22,407,574,340

L/Cs opened + guarantees issued 26,478,423,663

TOTAL 48,885,998,003

Mobile training centres created

by Mustafa Jaffari

Amid reports that Iran needs about 700,000 skilled, unskilled and semi-skilled men for its fast expanding industrial and economic network, the labour ministry has launched plans to train about 100,000 men every year at its various training centres.

The ambitious plan will seek to solve Iran's manpower shortage in less than a decade. The main training agency of the ministry, the Vocational Training Board, will shoulder the bulk of the training responsibility.

Established in 1971 with a potential intake of 2,000 people a year, the board has expanded so much that it registered 14,000 in the past year. During the present year the board will train 20,000 in welding, on cars, electronics, architecture, woodwork, mechanics, crafts and building works.

But the most rapid expansion will take place in the coming year when centres in Isfahan, Karaj and Teheran start accepting 60,000 people every year for basic industrial and vocational training. The board has also created a number of mobile training centres in woodwork, welding, cars and in similar crafts.

Trainers for the centres are chosen by industry firms, which introduce them to the board. The nominees are educated and trained by the board for terms varying from one to six months, receive 150 mobile training after which they are sent

back to their companies for employment.

Those who receive vocational training at the mobile centres are selected by the village chief—the *dehkhoda*—who informs the board that a certain number of people are available for training at various basic levels. A big advantage of this is that the board may effectively check the trend of urbanization. The villagers who, after not finding a place in the traditional activity of agriculture, would otherwise take to the cities, will now be afforded the opportunity of staying in their villages.

The 32 mobile training units have been imported from the United States, Britain, Germany and Czechoslovakia. They have so far carried out more than 250 projects, some of them in remote parts of the country.

The training network employs about 400 skilled men and highly-qualified workmen as trainers. About half are full-time while the others work part-time or on a work-exchange basis. About 65 per cent are foreign trained.

The board recently started another plan to send 1,000 graduates to the villages every year. They will hold degrees in various technologies and will undergo a term of training at the board before being sent out. Each graduate will train about 25 to 30 people a year, which will mean that a team of 30,000 skilled people will be raised every year to help fill the manpower gap of about 700,000.

Iran has recently signed an agreement with the United States under which it will from one to six months, receive 150 mobile training after which they are sent

training 30,000 people a year. The labour minister has ordered the establishment of another 10 vocational centres which will train 10,000 people a year in various fields.

Seven training centres in Teheran, Tabriz, Isfahan and other towns have trained more than 10,000 people in various technical fields. They were established with the assistance of France, Japan and U.S. This year the centres will train another 5,000 people.

Although the main emphasis in Iran is on electronics and technology training in welding, pipeline laying, lathe work, metalwork, building, wiring, refrigeration, automobile engineering, electro-mechanics, building and security, diesel engineering, central heating and air conditioning, surveying, draftsmanship, industrial installations, modelling, plastics, agricultural machinery, machine tools, water and power installations and telephones are also being provided at various institutions.

All these training programmes are free to the trainees. Some of the centres also provide assistance in the form of payments and free accommodation for trainees from rural areas.

The labour minister, who has been commissioned by the Shah to fill the gap of skilled and semi-skilled labour in the shortest possible time, is assisted by the team of capable deputy ministers: Ali Mehraziz, Hejazi and Siddiq Esfandiari.

The main concern of deputy minister Hejazi is to ensure that more and more

women are absorbed in the work force in the shortest possible time. She has a plan to the ministry who is progressively mentioning it.

The Ministry of Labour is also taking steps to provide much-needed skilled engineers. To end it has signed contracts with various nations, including Italy, France, Britain, United States and Japan, to train about 5,000 Iranian men and women.

With such steps ministry hopes to fill the labour gap in the country within 10 years. Foreign labour is vital to the moment, it will possible eventually to state the need for long labour which has been flooded the country.

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lection of leading industrialists will give em a stronger political voice

Special
expenditure

Iranians would dispute suggestion that industry is best investment available in their country, pointing out that in real estate capital can be returned almost a year. But foreigners are barred engaging in real estate investment, they will have to invest themselves with try, where it is almost impossible to get dividends of 30 per cent. Foreign investors looking for the possibility of joint ventures should not be misled by some of the profit and figures and dividends announced by various manufacturing companies—they mainly intended for the tax inspector. As the Minister for Economic and Social Affairs recently said at a conference, "amazing how companies run at a loss manage to survive year after year but to increase their profits."

Cutting the red tape

Among the tasks he has set for himself is the reduction of "bureaucratic formalities" which create so much red tape for the business community and industry, so that "an industrialist may no longer have to call on six or seven ministries or departments and obtain as many permits and licences simply to acquire a site for his factory, which is merely the beginning of his task." The Minister hopes to improve conditions for the labour, social security and income tax laws. The Shah has pointed out that industrialists in Parliament should not be able to use their position to increase their wealth. It is generally believed that a voice for industry will bring a greater sense of responsibility. In the past there have been justified complaints that, thanks to poor management and profiteering, made possible by over-protective policies and laws, Iranian manufactured goods have been conspicuous for their low quality and high price. Hiding behind the high tariff walls and other restrictive barriers, local manufacturers kept production low

and profits high. Even when the Government allowed other manufacturers to produce similar products, instead of competing with each other, they simply colluded to keep profits high.

That short-sighted policy began to rebound on them from the early 1970s. The increase in purchasing power suddenly led to greater demand and caught industry unprepared. The Government has relaxed import regulations but that is only seen as a stop-gap—an opportunity for investors to step in, set up new factories and expand production capacity.

Industry is wide open to both Iranian and foreign capital investment in all but the nationalized basic industries such as oil and steel. Even there, it is possible to invest in secondary or by-products.

Although both steel and copper are nationalized, it is possible to invest in base metal projects producing various steel and copper items, including rolling mills, special alloys and so on. Iran last year produced about a million tons of steel. Many private steel-rolling mills are operating and others are in various stages of implementation. A long-term plan envisages production rising to nearly 30 million tons. By 1983 Iran expects to become a steel exporter instead of importer.

fold and electrical parts by Lucas.

Textiles was one of the earliest industries to be introduced in modern Iran. Last year's total production amounted to 616 million linear metres of cloth but with higher living standards, Iran needs more textiles and the industry is open for spinning and weaving of cotton, woolen and synthetic fabrics.

The shoe industry, however, has expanded more rapidly. There are at least three large manufacturers and total production last year amounted to about 90 million pairs. Surplus was exported to East Europe and Asia.

The building industry also offers considerable scope, as was shown by an international fair that closed its doors in Tehran on June 28. Iranian cement mills last year produced 1,600,000 tons of cement, but even then the country had to import 1,200,000 tons from markets as distant as Britain, South Africa and Singapore, to maintain its pace of construction.

As for building materials, local production of 8,000 million bricks, three million tons of plaster, 300 million tiles and 76,000 tons of sheet glass proved far from adequate. A British company, Pilkington, has taken a 20 per cent equity share in what is going to be the largest sheet glass factory in the Middle East with an annual production ultimately rising to 120,000 tons.

Market is wide open

Iran has yet to rise to international levels in machinery manufacture. From Britain, Massey-Ferguson is involved in a project to produce tractors, while Dorman produce diesel engines. Most of the projects are for large or advanced machinery but, as an official of Bookers Agriculture and Technical Services said in Tehran, the market is wide open for the production of simpler im-

plements, such as discs, harrows and tillers. That could also be said of all other areas of manufacture, where little attention has been paid in the past.

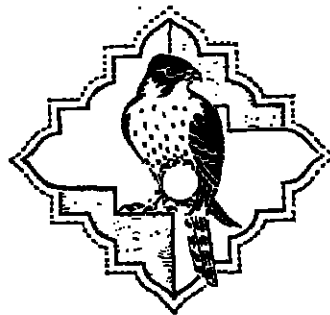
Perhaps most striking of all developments is food processing. Iran produced about 700,000 tons of sugar, 45,000 tons of biscuits, 40,000 tons of boiled sweets, 3,000 tons of chocolate, and 247,000 tons of vegetable oil. The canning industry produced two million tins of canned food. Almost every sector offers investment potential. For instance, Iran imported 173,000 tons of raw sugar last year. Vegetable oil imports amounted to 30,000 tons.

There is room for variety in the manufacture of biscuits, chocolate, jams and tinned food. Only the soft drinks seem to be capable of satisfying the local demand. Cigarette manufacture is a government monopoly although the state-owned tobacco corporation is beginning to produce some American brands under licence.

Iran last year produced 350,000 refrigerators, 350,000 radio sets, 300,000 television sets, and 100,000 telephones. Refrigerators, radio and television manufacturers are usually small companies. For instance, there are about 20 companies assembling or part-manufacturing television sets. Recently, they were urged by the Government to merge in order to develop their technology and management to begin producing colour television sets at a reasonable price.

There are many other areas in which outside technology and management can help small industry. The advantage is that not much foreign capital investment would be required. The Government is planning a new law providing tax concessions to small companies merging with each other and improving their technology and management.

At a time when British industry faces economic and labour difficulties at home, equity participation in them would offer welcome diversification and rewarding dividends.



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The new rich out on a spending spree

Liz Thurgood

A big increase in oil prices over the past 18 months has created enough affluent citizens in the capital city to fuel a new spending spree among the leading consumer groups. Of the total \$69,000m that the Shah of Iran has earmarked for his ambitious development plan, but \$10,000m is being spent annually on imports. 1983 this market is expected to be worth about 10,000m a year.

Not even the note of thrift recently introduced into the economy is expected to make much of a difference, despite warnings by the Prime Minister to cut government spending and the Shah's recent complaint about the impact of world inflation on the national treasury. One economic observer remarked: "There could in-

deed be a slowing down in public sector spending. But there is too much momentum in the private sector for imports to go anywhere but up."

Such conspicuous consumption is very much the mark of the newly affluent, and of few places in the world is this truer than of Tehran today. Here, where an estimated 70 per cent of the country's wealth is concentrated, the roads are clogged with imported cars—chiefly the British-made Chrysler Hunter and Avenger—and the wives of the new rich can take their pick of the latest Paris and London creations.

Côte d'Azur-style villas now dot the surrounding hillsides and housewives jostle each other in new supermarkets for the latest imports, be it a packet of slimming biscuits or a Texas T-bone steak.

It does not matter that there is not a hotel room to be had in the capital for the next six months; nor that communications are so overloaded that a telephone call sometimes takes 20 minutes to be put through. Tehranis are prepared to accept such discomforts for the taste of the better life.

More of the same conspicuous consumption abroad is also vital to the well-being of Iran's economy. "We will do in 10 years what it took the West 100 years to accomplish" is a favourite Shah maxim these days. To guard against the day when the oil well runs dry or when the world no longer needs oil, Iran has embarked on a big industrial development programme.

The success of such an industrial-cum-agricultural revolution must of necessity depend heavily on the massive importation of Western knowledge and plant machinery. With an economic growth rate of 22 per cent (down from last year's 43), Iran's industrialists and farmers are working overtime to keep up with the country's insatiable appetite for consumer goods.

Despite such diligence, however, the experts say it will be many years before Iran can forgo imports. As pressing, particularly in the short-term, is Iran's seemingly increasing inability to feed itself. Despite bigger—albeit still meagre—yields, last year Iran had to import more than 4,500,000 tons of foodstuff, chiefly rice, wheat, sugar and meat.

Wealth filters to man in street

Iran's mounting import bill is a direct result of the December, 1973, oil price increase which last year swelled the national coffers by just over \$18,000m. The new wealth is slowly but surely filtering down to the man in the street.

Per capita income, it is tentatively estimated, will be about \$1,500 by the end of the Fifth Plan in 1978—or almost three times the average Iranian in 1973. Wages, meanwhile, have increased sharply. Lorry-drivers, for example, can command monthly salaries of \$750 and a good secretary can take her pick from scores of jobs paying more than \$900 a month.

The result has been a rising demand for consumer goods and inflation—officially put at 15 per cent last year, but unofficially reckoned at between 20 and 30 per cent. In an attempt to raise their prices, Iran's businessmen have held back supplies from the market. The price of rice, the national

staple, almost doubled last summer, and long queues outside the local butchers became an almost familiar sight in the streets of the newly affluent Tehran.

The Government countered in four ways. First, the Commerce Ministry, through its Foreign Trading Company, went into the import business. Frozen chicken was flown in from West Germany, rice from Pakistan and later from the United States. In addition a massive sugar importation programme was set up. During the Iranian year (March 1975-76) the Government plans to import among other commodities 110,000 tons of meat, 450,000 tons of sugar and 350,000 tons of rice.

Second, the Agriculture and Natural Resources Ministry became increasingly concerned about the need for mechanized farming and a big proportion of Fifth Plan agriculture funds are being spent on a loans and subsidies programme.

Third, to avoid "imported" inflation, a \$3,000m food subsidy programme was set up. Unhappily for many foreign housewives that act of generosity does not cover such luxuries as instant coffee, which has risen twice in the past four months to 250 rials.

Last, but not least, a national watchdog committee has been set up to supervise price rises. However well-meaning, the committee has not been able to allay housewives' suspicions that the length of a piece of Iran's unleavened bread has visibly shortened over the past 12 months or that there is less to a roll of lavatory paper than there used to be.

The foreign businessmen were quick to see Tehran's market potential and, starting last spring, began beating an increasingly well-worn path to Tehran. The British Embassy, for example, is expecting some 4,000 British salesmen to pass through its wrought-iron gates and at least as many again to fly in unannounced.

Last year the commercial section was doubled to a nine-man staff and one member joked: "Our workload has increased in direct proportion to Iran's oil revenues."

Commercial section doubled to nine

One result of all this has been an almost doubling of British sales to Iran. As London's biggest market in the Middle East, Iran last year bought \$278m worth of goods from Britain, including \$61.6m in military hardware. During the first four months of this year British businessmen have succeeded in upping sales to £135m and by the end of the year hope to clear £400m.

Among the big firms in the consumer market are Heinz and Cadbury, which are both reportedly anxious to expand from simple exporting into the business of joint venture companies. The Sainsbury

food chain, meanwhile, has shown interest in helping out the local butchers by setting up a nationwide chain of department stores.

Britain holds fourth place on the national import scale, bettered only by the United States, Germany and Japan. France, in fifth place, may soon move up when, and if, work starts on the proposed metro and a costly colour television network.



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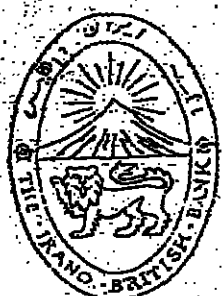
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Plans for steel production capacity of 15 million tons annually

by Peter Hill

Major steel-producing countries throughout the world are experiencing one of the most severe downturns in demand since the end of the Second World War. French steel producers appealed to the European Commission earlier this year to declare a state of crisis and, because of the fall in demand, European producers have been urged to maintain production at reduced capacity levels.

The Japanese steel industry, faced with a similar situation, has been channelling increased quantities of low-priced steel exports to the EEC, to the chagrin of the European producers. Across the Atlantic the scenario is much the same except that the United States may emerge from the trough a little earlier than other steel-producing countries.

Against this background, it is understandable that the established steel producers should be looking over their

collective and corporate shoulders at the ambitious expansion plans now being undertaken by many countries. Not least of these is Iran, which plans to have a steel production capacity of 15 million tons a year by 1983. It is worth noting that the British Steel Corporation, under its 10-year development strategy, plans to have an annual capacity approximately double that of Iran by the early 1980s. However, given the delays in carrying out the programme which stem from government intervention, this target level becomes less realistic.

Iranian interest in the development of a substantial domestic capacity dates back to before the Second World War, but it is only since the early part of the past decade that momentum has increased, with development by the state-owned and private sectors of the steel industry.

The government-owned National Iranian Steel Com-

pany was established in the early 1960s and, with German and French assistance, discovered sufficient iron ore and coal reserves in the Bafq-Kerman area to support the development of the country's first steel mill. This first integrated mill was established at Estahban with Russian assistance; the Soviet Union agreed to supply and finance the complete steel works in return for Iranian supplies of natural gas.

Two years ago the first phase of the Estahban project was completed, providing for an annual output of 600,000 tons of long products. The second and third phases of the project will bring the plant's total annual production up to four million tons. In parallel with the public sector development the private sector has been pressing ahead.

In the mid-1960s the private sector launched its first project, a 65,000-ton annual capacity rod rolling

mill located at Ahwaz, and this was followed by additional mills and electric arc furnaces. The two major private sector groups involved in developments are the Shahryar group and the Ahwaz Rolling and Pipe Mills Company, which now operate a range of additional steel production facilities.

Iranian steel consumption in 1973 amounted to two million tons and under the fifth development plan, which ends in 1978, and postulated an annual growth rate of 25 per cent, consumption could well be 18 million tons by 1983. Even this probably errs on the conservative side.

Apart from its oil and gas reserves, Iran has other considerable mineral reserves including coal and iron ore. The major iron ore deposits are in the Kerman province, where reserves at Bafq are being exploited by NISCO while further reserves in the area of Gol-e-Gohar will be mined by another government-owned company,

National Iranian Steel Industries Company.

NISCO's total proved iron reserves amount to 600 million tons, while its probable reserves extend to a further 400 million tons with an average iron content of 60 per cent. Preliminary exploration at Gol-e-Gohar has indicated minimum reserves of 200 million tons with indications that a much larger deposit exists on the site, with an iron content of 60 per cent. Iran's coal reserves are estimated at more than 1,000 million tons, but because of the limited reserves and the often indifferent quality of the coal, NISCO imports between 10 and 15 per cent of its metallurgical coal.

In its steel industry developments, NISCO is following the basic oxygen route for steelmaking while NISIC concentrates on production of steel by gas direct reduction processes. Under the country's policy guidelines for the steel industry, both these state-con-

trolled companies will own and operate plants from iron ore handling up to and including the steelmaking facilities. There is the possibility of rolling mills being owned by either the public or the private sector, or a combination of both.

Under the steel industry development plan, with the exception of one mini-mill in the Mashhad area, all the mines and production plants will be connected by rail links. A large section of this inter-linking railroad is already in existence, and last year a section linking Kerman and Bandar Abbas was commissioned.

Meanwhile, a number of major development projects for the steel industry are in various stages of implementation. The second phase of the development programme at Estahban is scheduled for completion next year and work will also start next year on the third phase. Depending on exploration results over the next few

years, plant capacity could be raised to six million tons under the sixth development plan.

A number of other plans and projects exist, particularly for direct reduction steel-making and involving NISIC. At Estahban there have been plans in existence for some time for the construction of a one million tons a year cold-rolled product plant to be developed by NISIC in association with the British Steel Corporation, with BSC and private Iranian investors taking a major financial stake in the rolling section.

Iron ore for this plant would be supplied from either Bafq or Gol-e-Gohar and fired by gas from Iran's southern gas field with completion of the project scheduled for the end of the present decade.

NISIC meanwhile has started construction of a new complex close to Ahwaz incorporating three batteries of direct reduction plants with a total capacity of three million tons and designed to

provide the private sector's existing and planned electric melting shops with sponge iron and its hot strip mills with slabs and blooms.

On the basis of the original plans, the three direct reduction plants were scheduled to start operating next year followed a year later by the commissioning of the electric melt shop. Iron ore and iron pellets will be imported through the port of Bandar Shahpur and along a 100km railroad to the site.

Last year saw the signing of a letter of intent between a consortium of German steel companies and NISIC for the construction of a new steel complex at Bushahr-Kangan on the Persian Gulf with a planned annual capacity of between two million and three million tons, using the direct reduction process. Plans also exist for a similar sized complex to be established at Bandar Abbas with NISIC collaborating with Italy's Finsider Group to

produce flat rolled steel for both the domestic and overseas markets. The project is expected to start in 1979.

Additionally NISIC is considering the possibility of constructing a mini-mill in the Mashhad area with an annual output of 400,000 tons, using gas from the Sarakhs field and discovered iron ore from a 500-km south of Mashhad.

In the special steel industry, Iran has negotiated agreements with the French company of Creusot-Loire, the Austrian company Bohler for the construction of special steels plants with annual capacities of between 100,000 and 200,000 tons. These plants will be supplied with scrap while the state-owned private sector is also looking for investors in the financially in these

Self-sufficiency in food difficult through harsh terrain and lack of 'sweet water'

by Hassan Shaida

For decades, heated arguments dragged on between planners and economists as to whether Iran should primarily be an agricultural or industrial country. Young planners, fresh from American and European universities, pointed to the world-wide trend towards industrialization.

Other countries known for their agricultural potential had all gone ahead with plans for rapid industrialization. This was particularly true in the case of countries with planned national economies. If Iran were to join the ranks of highly developed nations, it had no choice but to develop advanced industries.

On the other hand, there were the traditionalists who emphasized Iran's broad agrarian base and its past history of highly developed agricultural commodities, not least of which was the Persian lamb with its valuable fur and carps.

During the first four

development plans, planners in favour of rapid industrialization at the expense of agriculture, won the rounds. The bulk of the development budget was devoted to industrialization so much so that by the fourth plan, a 15 per cent annual growth was being attained for industry as compared to the agriculture's problem of attaining even a 5 per cent annual growth.

However, the Government had not neglected agriculture. The most important measure was initiated by the Shah in the late 1950s through the distribution of the crown lands, in the hope that big landlords in the country would follow the royal example. By 1961, it became evident that more direct action would be needed. A Bill taken to the Majlis in 1962 was mutilated by deputies who mainly represented big landowning interests.

It was thus that in January, 1963, the Shah launched land reform as the cornerstone of the Shah-Peo-

ple Revolution that continues to this day. In a series of stages big landowning was broken down and a new basis of agriculture introduced.

Despite the problems of transition from large ownership to smallholding, the development of the cooperative movement at village level and the evolution towards the formation of large farm corporations operating on the basis of economies of size, agricultural production has steadily, though slowly, increased.

The country's increase in natural population and the rapid improvement in living standards raised consumption and demand for agricultural produce—both foodstuffs and industrial commodities. Accelerating urbanization was drawing more young men from rural areas towards better paying jobs in the cities, reducing the potential supply of manpower for farming.

By the beginning of the 1970s, it became obvious to

the Government that large-scale imports of agricultural produce were necessary to meet the existing demand. The country was already short of wheat, rice, sugar, tea, meat and several other commodities.

Economists planning the country's fifth development plan (1973-78) were advised by the Shah to shift their emphasis from other sectors to agriculture. The result was an upgrading of the annual agricultural production target to 7 per cent for all agricultural produce and 8 per cent for meat production. The emphasis on meat is because of the need to increase protein intake in the country.

A 20-year agricultural development plan has now been completed by the Ministry of Agriculture in conjunction with two British firms of consultants, Bookers Agricultural and Technical Services and Hunting Agricultural Services. The national agricultural plan will seek the best use of land and water for the most suitable crops planned and rotated on a national basis.

Planners have reached the conclusion that because of a shortage of rainfall, absence of any major rivers (except Karoun) and other sweet water bodies, the hilly or desert nature of substantial parts of the country and other climatic and physical limitations, it would not be realistic to aim at self-sufficiency in a number of areas.

Vast funds have already been channelled to successive five-year plans to develop water resources and to preserve what water is available in dams and making them available to farmers through networks of irrigation schemes. To facilitate delivery of agricultural produce to the marketplace, a network of feeder roads is also being built.

Small farmers are being given financial assistance, agricultural implements, improved seeds and subsidized fertilizers to help them to increase their yield. Village cooperatives have been set up with financial and management assistance from the Government to pool village resources, to give technical advice and to facilitate marketing of the produce.

A number of farm corporations have already been set up and more are in the process of establishment. Some of these are joint ventures with foreign capital participation including one (Shellco) from Britain. The earlier ones are already in production and some of them are even exporting a part of their more unusual crop, such as asparagus, to foreign markets. But agricultural projects are understandably slow and this has given the Government cause to criticize a number of foreign joint ventures including the British one for falling behind their schedules.

The various agricultural limitations have prompted the national planners to be more selective. Where conditions are favourable in terms of soil and water, effort is being made to bring most earnings by growing the more profitable cash crops.

Thus, large areas of land in the lush Caspian area which were bush or forest country or grazing lands, have been turned into rich rice, tea or cotton plantations. To the west of the Lake Resayeh, tobacco is grown as a more profitable crop, alternative to grazing sheep and goats. To the east of the lake near Maragheh, vineyards are expanding at a tremendous rate to meet the sudden expansion of demand for grapes, not only as a fruit but also for the country's growing wine industry. Elsewhere, more and more land has been brought under cultivation to grow better-paying sugar beet for the local industry.

New dams and irrigation networks have made it possible to reclaim substantial areas of desert and convert them to fertile soil in the oil-rich province of Khuzistan. Several large joint ventures in agro-industry have already been established downstream from the Mohammad Reza Shah Dam on the River Dez.

Similar schemes are to be launched when a number of other large dams are completed in a couple of years on the river Karoun. To the north, on the Soviet border, a joint hydroelectric dam on the border river of Aras provides Iran with an equal share of water and electricity to produce crops in the fertile Dasht-e Mogan.

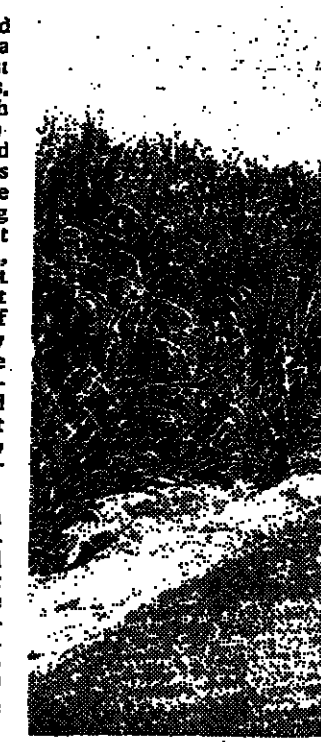
In all, some 19 major agricultural areas have been selected and are being developed to polarize the country's agricultural activities. Most of these are for cash crops, although a few are also given to stock breeding and dairy farming.

More protein now eaten

The national plans envisage near self-sufficiency in carbohydrates through wheat and barley production though even here in lean years some imports will be inevitable. The main problem is in protein production. With the improvement in living standards, there has been a notable shift from carbohydrates to protein in the Iranian diet with the emphasis on mutton and lamb, although poultry farming has shown the greatest potential and rate of expansion.

Iranians are habitual mutton and lamb eaters. Their diet and cuisine are at their best when they include grilled and stewed sheep meat.

But a number of factors have tended to retard the development of red meat production to keep pace with the rapid increase in population as well as the swift increase in per capita consumption. These have included the gradual settlement of nomadic tribes, traditional sheep raisers of the country; the Government's decision to reduce the goat population because of forest destruction; erosion of the natural grazing lands which have necessitated the nationalization and protection of pastures; conversion



Irrigator at work on Haft Tappeh sugar cane project.

of some of the grazing lands to more lucrative crops and extreme weather conditions such as severe winters with early snowfalls and blizzards, or prolonged droughts that have in some years drastically reduced the number of livestock in the country.

Here the planners are also polarizing livestock breeding by setting up large breeding stations. One is already in operation in Fars where nearly 500,000 sheep of local and Australian breeds are being kept.

A similar though smaller project is being planned near Dasht-e Mogan and another south of Lake Resayeh at Mahabad. The number will increase as new local or joint ventures come to fruition. The shortage of grazing lands will mean that in future both sheep raising and dairy farming will be mainly in such stations and away from natural grazing lands.

Planners concede that even a highly developed dairy industry and livestock breeding will not make the country entirely self-sufficient. In the dairy industry, the social programmes, especially the free milk programme ordered by the Shah for all schools, will tremendously increase consumption.

Per capita consumption of red meat has already doubled in the past five years, but even now it is a mere 18 kg a head a year, as compared to more than 100 kg in the United Kingdom. Obviously, the per capita consumption will continue to rise and is expected to reach European levels within the next 20 years.

To ensure adequate supplies for such vast increases, the Ministry of Agriculture in conjunction with other Iranian government departments such as the Agricultural Development Bank, the Meat

Organization, and the Ministry of Cooperatives and Rural Affairs, is developing reliable sources of production and supply.

Some of these will take the form of highly mechanized farms known as agro-business or agro-industry complexes. Others will be joint ventures abroad in countries as far-flung as the South Pacific in the east and Latin America in the west.

One of the major joint projects is with Australia, where it is hoped to obtain wheat, maize, and red meat, particularly sheep. A recent agreement with Venezuela envisages a similar joint project for meat production. Economic planners have looked at the world at large for reliable and steady sources of supply and see such joint ventures as a means of securing supply even under emergency world conditions.

The United States and Australia, and to some extent, Canada, are seen as major sources of supplies for wheat; the United States for oil seeds; Turkey, Australia and New Zealand for meat; Eastern Europe, Denmark and New Zealand for dairy produce; Middle Eastern countries such as Lebanon, Egypt, Jordan and Somalia for fruit and not excluding Latin America for bananas and coffee.

Although Iran has a broad agricultural base, its potential is limited in view of a growing population projected to reach 60 million at the turn of the century, with a living standard comparable to the most advanced in Europe. Its industrial and mining potentials on the other hand are unlimited.

While a proper balance is essential, the original planners were perhaps right in emphasizing the need for a shift to industry and mining. Both industry and mining offer a more solid and reliable foundation for economic growth, while the import of some agricultural produce including fresh fruit, tea, meat and even grain may remain an inevitable feature of the future picture.

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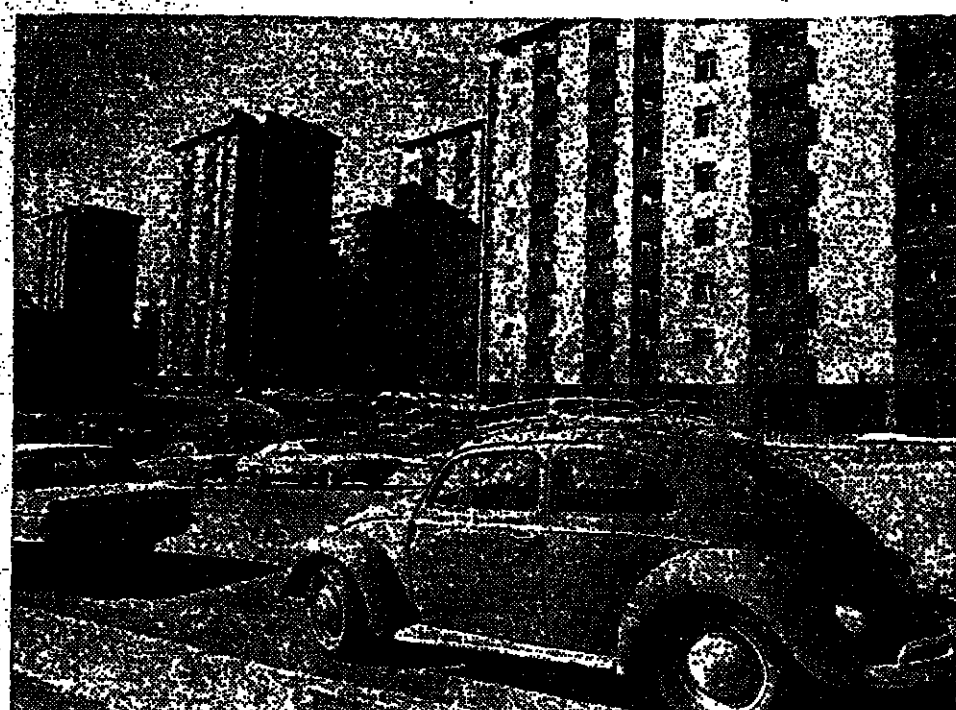
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مکان از اصفهان

Buildings rise but so do costs and rents

By Afshar

Building income from all sources is an unbroken boom in the economy. This has put pressure on the resources—mainly materials and labour—used in this process. On the one hand, the demand for building materials is increasing faster than the rate of production. On the other hand, the demand for labour is increasing faster than the rate of production. This has put pressure on the resources—mainly materials and labour—used in this process. On the one hand, the demand for building materials is increasing faster than the rate of production. On the other hand, the demand for labour is increasing faster than the rate of production.



Behjatabad flats project in Tehran

As a result, the figure 127 per cent living in a house will rise to 47.3 per cent. By 1978 the Government and the private sector will build 810,000 new houses according to the plan. But even if all are built they would not alleviate the housing shortage which stands at 4,000 dwelling units in areas. The Government has gone record with pledges of housing programmes, and general funds, to increase the number of units. According to present plans a total of 100m (more than 100m) has been allocated to public funds to provide for administrative buildings and housing schemes. In addition, a sum of 2,100m has been allocated for expansion programmes.

to build up the necessary services and so on. In view of the Government's rising income, the allocation of funds is, however, the easiest of all the efforts it must make to solve the problem of housing. The main issue is the proper use of the budget earmarked for housing and construction. The various government departments have on occasions stated their strategies for housing units to be available for every family in 20 years' time. But little has been said about how to achieve this.

What seems to be lacking is a comprehensive town planning. It has been said that the present objective of the Government is the provision of low-cost houses for as many as possible in a short time as possible. Experts believe, however, that this laudable objective may well lead to jerry-building and, above all, to inadequate urban facilities.

To be fair, a number of positive steps have been taken. Most industrial firms have been given credits, and in some instances large tracts of land, to build houses for their employees. Some have already built efficient housing estates. These can be seen round Tehran and towns near by. Another step has been to encourage the private sector to build industrial towns, carefully planned to meet the social as well as economic needs of the workers, in large centres of industry such as Isfahan, where the Aryashahr industrial town accommodates the steel industry workers. Meanwhile, the Government has continued to encourage the private sector to invest on an increasing scale in multi-storey buildings, supposedly to economize in land space and in other ways. Legislation to allow ownership of flats and apart-

ments has also been rushed through Parliament. The extensive participation of the private sector in construction has been backed by the provision of generous credits on easy terms. Commercial banks have been allowed to apportion increasing shares of their deposits to housing credits, while the resources of the government-owned Mortgage Bank have been increased to provide loans for housing. It is expected that 30 per cent of all investments in housing by 1978 will come from government funds.

To manage the provision of government credits as well as the private sector's own investments the Government has encouraged the establishment of housing associations. These are generally empowered to collect deposits and also to borrow three times their capital from the Government to offer loans to house-builders as well as house-buyers. Also to help the low-

income groups the Government decided to subsidize the rate of interest charged by the housing associations and other credit institutions leading to house-buyers. The intention is to keep the rate for house-buyers on low incomes at 6 per cent.

The problem of shortages of materials and labour, however, persists. To tackle it the Government seems to have relied on its credit policy. Last year it supported a group of private investors in establishing the Construction Bank with an equity capital of 6,000m rials.

According to its charter the Construction Bank has to lead to industries manufacturing building materials as well as finance large housing estates. It can go into equity capital participation with groups of investors setting up such industries. Other investment banks in the country have been encouraged to finance projects for these industries. Although the production of cement, bricks and other materials has expanded, the demand is still high. Recently a number of plans for the production of prefabricated houses have been set up.

But the Government is keen on letting foreign firms come to Iran to build houses. These firms are expected to import the materials they need; in many cases they are encouraged to import prefabricated parts. The foreign firms must, however, conform to the local construction codes and specifications. They must also abide by the Government's town planning policies.

The Government has yet to introduce town planning policies. So far all construction has been aimed at particular income groups and has provided housing without extensive community amenities. The public sector is now beginning to draw up master plans for satellite towns. This is one direction in which Iranian skills can be augmented by extensive foreign contribution.

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Queuing to buy into banks

Hushang Mehr Ayin

Banking has been by tradition one of the most trusted parts of the Iranian economy. For a long time, in the 1960s, it appeared to be behind as other parts of the economy, showed a rapid expansion and a rapid dynamism. However, during the past three years it seems to have more caught up again. The banking system has been more than its due share from the expansion of the Iranian economy. Most of all, the banks have been paid-up equity in the last two years. Since 1972, some have again doubled their capital, while others have tripled it. Bank Mellat doubled its capital to 4,000m rials in 1973. A few months ago this bank and oldest of all commercial banks in Iran raised its capital stock to 5,000m rials. Since Bank Mellat is state owned, its case may be somewhat exceptional. To increase the bank's capital fourfold the

Government allocated 12,000m rials from the national budget. But the increase was an economic necessity because Bank Mellat was finding itself dwarfed by other, mainly newly established banks. Bank Mellat has always claimed the lion's share of deposits: its deposits totalled 300,000m rials. The sudden urge for expansion affected the Iranian banking system in early 1972, when the Central Bank of Iran lifted a 12-year-old ban on the establishment of new commercial banks. In that year a group of industrialists set up a bank, Bank Shargh, with a capital stock of 5,000m rials, of which 50 per cent was paid-up. Almost simultaneously a second group of industrialists set up Bank Sanaye Iran with a capital of 3,000m rials of which 50 per cent was paid-up. These two banks were originally intended to be active in specialized ways, mainly in the medium-term loans. Soon

afterwards a third new bank, the Development and Investment Bank of Iran, was established. This one, which has an equity capital of 2,100m rials, is an investment bank offering long-term loans and going into equity capital participation with industrial firms which it helps to create. Yet another group of industrialists later set up the Darsh Bank with an equity capital of 2,000m rials, and finally a further group of businessmen and banks pooled their resources to set up the Construction Bank with a capital stock of 6,000m rials. This is a bank designed to finance construction projects and related industries. Except for the Development and Investment Bank and the Construction Bank the new banks began to offer commercial banking services because demand for these was rising rapidly. And since they had higher capital stock than the existing commercial banks, a race was set in motion. What is significant is that banks increased their capital by offering shares for public subscription; people queued up to buy.

Meanwhile, the banks began to attract deposits from the public on an increasing scale. Between March 21, 1974, and March 20, 1975, such deposits increased by nearly 65 per cent. Fortunately the commercial banks were able to use all their resources. During the same period investment in the economy by the private sector rose by 45 per cent and the index of industrial production rose by 19 per cent. The gross national product rose 41 per cent, money supply increased by 45 per cent and the Government poured in about 7,000m rials to import basic foods to keep prices stable. The huge injection of liquidity into the economy led to a rising demand for consumer goods. As a result for the 12 months ended March 20, 1975, the volume of imports amounted to \$10,600m against \$4,600m for the preceding year.

Finance for large construction

There are also two banks specializing in construction. The older one, established in 1938, is the Mortgage Bank of Iran, which for a long time provided credits for buying or building houses. Some years ago it began to finance large building projects, but it maintained its practice of lending to individual house buyers and builders. The other, the Construction Bank, barely a year old, intends to go in for large-scale housing schemes as well as the financing of industries related to construction. The Central Bank has now decided to take measures to develop the organized capital market and to encourage the commercial banks to stick to their proper business. The Central Bank is supporting the fledgling Tehran Stock Exchange by encouraging a sustained flow of secured bonds to the market, while keeping interest rates at a level sufficiently attractive for individual investors to invest some of the surplus cash in shares and bonds. A more refined mechanism of controls is being applied to the commercial banks.

Increase in volume of imports

The extraordinary increase in the volume of imports, the rising liquidity, the expansion of industry and finally the increase in the volume of domestic trade provided the banking system with excellent opportunities to expand its business. It is no wonder that banks have been reporting net profits of 25 to 40 per cent and even more during the past two years or so. However, the expansion of the banks' activities has somewhat inhibited the growth of other sections of the money and capital market. Since the beginning of Iran's industrialization drive about 20 years ago the banking system has been in the forefront of events. Banks in effect were a substitute for the capital market. This explains why development banking has been so advanced in Iran. Pro-

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Rush to build hotels as western visitors take second place to Arabs

by Margaret Aldridge

During the past two years, word has gone out to travel agents and tour operators in North America and Western Europe to postpone visits to Iran. In the past six years, four of them have found that group tourists have been discouraged. One big American operator who brought a group of rich Americans early this year turned around at the Teheran airport and took his clients to Beirut.

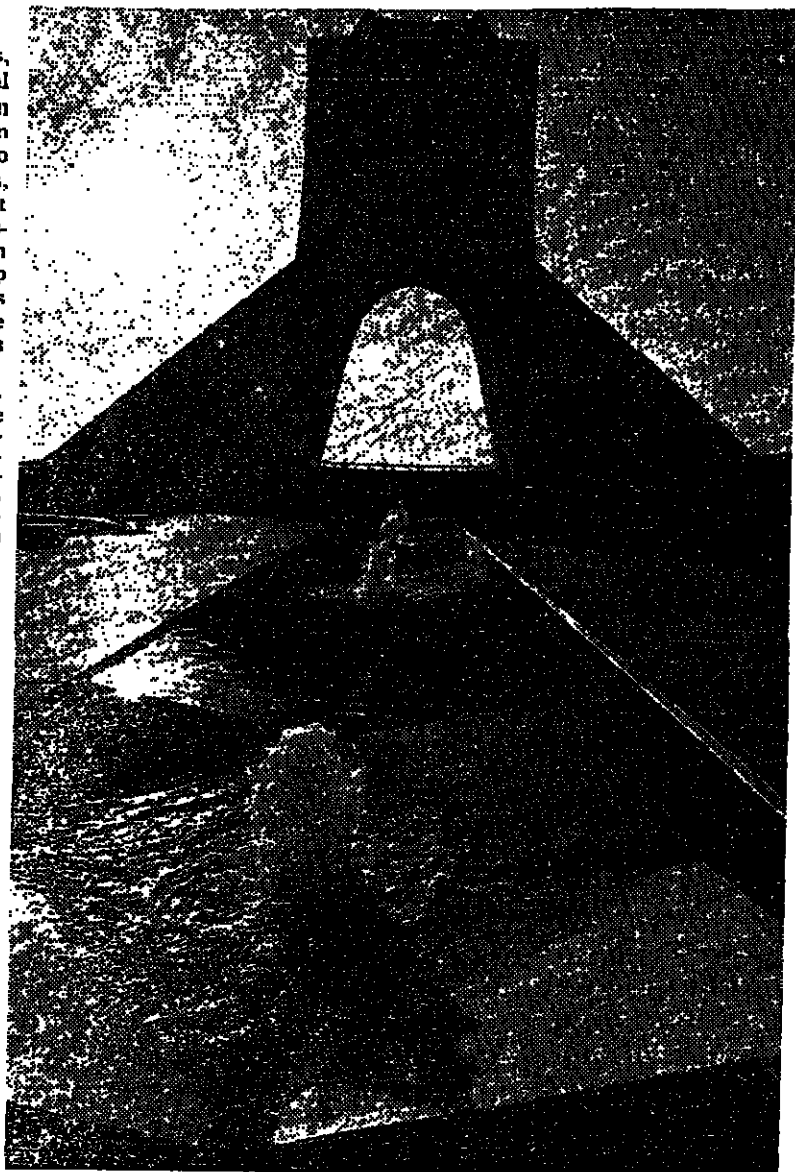
The trend has been particularly noticeable since the Iran National Tourist Organisation (INTO) was transferred to the Ministry of Information less than two years ago. The Minister of Information and Tourism has often spoken of his plans to increase domestic tourism, not so much foreign. He has predicted that by the end of the decade about eight million Iranians will be visiting their own tourist attractions, mostly seaside resorts, hill stations, and health resorts.

There are several reasons why Iran has not been as active as some of its competitors in the region, such as Turkey, Greece or Egypt, or even as competitive as its smaller neighbours such as Jordan and Cyprus, in attracting foreign tourists. For one thing, especially in the past two years, it has had an excess of foreign exchange and has not needed to seek it through tourism. For another, Ministry of Information and Tourism officials believe that Iran's support industries such as hotels and catering, have not sufficiently developed to offer adequate and reasonable accommodation and allied services for large numbers of foreign tourists.

Iran's main tourist centres largely retain their original charm, and there is little desire to see them transformed and swarmed over by hippy-type visitors from abroad.

Most of the tourists to Iran come from the Arab states to the south. In high summer, they flock in their thousands not only to the beautiful city of Shiraz, but also further north to Isfahan, Teheran and even the Caspian Sea resorts. In fact, Iran has made separate provisions to accommodate Arab tourists who are known to be good spenders. Those visitors are now allowed to buy property in Iran even when they do not reside there.

Official figures show that large numbers of tourists also come from the West, but it is generally believed that a substantial number of them



The Shahyad monument in Teheran, erected to commemorate 2,500 years of the Persian empire. Right: an expressway and motel set against the impressive background of the hills near the city.



are actually businessmen on short trips, passing as tourists, while others are people who merely stop over in Teheran for a few days. A third category, the young hippy-types, are mainly on their way to or from Nepal, India and Afghanistan. None of the three types of Western tourists spend sufficient time or money in the country to make them any more desirable.

Another group of tourists come from the East—mainly Afghanistan and Pakistan. They come mostly on pilgrimage and can hardly be termed extravagant visitors.

That, however, does not mean that tourism is being neglected as an industry. The current five-year development plan has a chapter devoted to tourism, with the

main emphasis on hotel construction. The original allocations approved in 1973 showed that the five-year period would see more than £48m spent on tourist accommodation—about 70 per cent by the Government. These call for the construction of nearly 10,000 hotel rooms and more than 20,000 beds in other accommodations.

Apart from such tourist attractions for Iranians as the Caspian resorts and hill stations in the summer, and Khuzistan and the Gulf area in winter, the Government also plans to develop two new tourist complexes in the west and the north at an estimated cost of £8m. One is Sar-ayn, a health resort with hot springs, near Ardebil in Azerbaijan, and the other at Larijan near Amol.

Along the Caspian littoral, six national parks have been developed with camping facilities for local and foreign tourists. There are ambitious plans to develop the island of Kish in the Gulf and several other winter resorts in the region. In fact, Kish is also to become a free port with a modern tourist complex which will include a casino, water skiing, swimming pools and other facilities for a wide range of rich tourists who will have a choice of luxury hotel rooms, bungalows and villas.

But the more immediate difficulty facing the tourist industry is acute lack of hotel accommodation in Teheran. A tourist arriving at Mehrabad airport in Teheran cannot be sure of finding accommodation even if he has a confirmed book-

ing. More often than not, the hotel clerk will tell him he has no knowledge of such a reservation, which may or may not be true.

Many businessmen, faced with very high office and house rents, keep hotel rooms for months on end and openly operate from them. There are frequent notices and advertisements in the Teheran press giving business addresses in hotel rooms—a fact which has not escaped local tax inspectors. Other businessmen who come hoping to conclude a deal within a few days find their negotiations dragging on, thus necessitating an extension of their stay in the hotel.

Whereas only two years ago many hotels were facing bankruptcy and some were converted to other purposes,

today all hotels are showing more than 100 per cent occupancy. The Royal Teheran Hilton built another tower the same size as its earlier one just in time to cash in on the boom. The Intercontinental and Arya-Sheraton, which came later, apparently did not have the same foresight and are only now planning their new extensions.

Since last year, international chains such as Hyatt, Holiday Inn and Japanese hotel companies have rushed in with plans to build hotels. The Japanese are interested in a 700-room hotel and the Americans in a 500-room one, both in Teheran. Both the Hilton and the Intercontinental have applied for hotels in Iran's leading tourist city—Isfahan. Isfahan has succeeded in retaining its architectural heritage. Even

its most modern hotel, the Shah Abbas—two years ago voted by the American Tours Operators as the world's most beautiful hotel—is built in the same style as the 400-year-old mosques and schools near by.

Planning authorities in Isfahan have made it clear that the new American hotels must adapt their outside design to blend with the traditional architecture of the city even though the inside may be typically American.

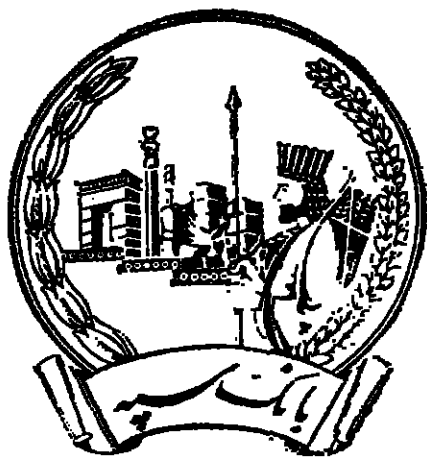
All in all, some 180 licences have been issued in the past two years for hotel and motel accommodation throughout the country. To expect western tourists to "discover" Iran within the next few years. Once that happens, they argue, Iran should be ready for the rush.

Prospective investors, both Iranian and foreign, planning to build hotels or other accommodation, will be entitled to a loan equal to 60 per cent of the required capital at only 6 per cent per annum, provided they comply with building criteria approved by the ministry. Those include rates of a few years ago adoption of Iranian architecture and furniture.

There are certain misgivings about the current rush to build hotels. On the one side there are those who expect western tourists to "discover" Iran within the next few years. Once that happens, they argue, Iran should be ready for the rush.

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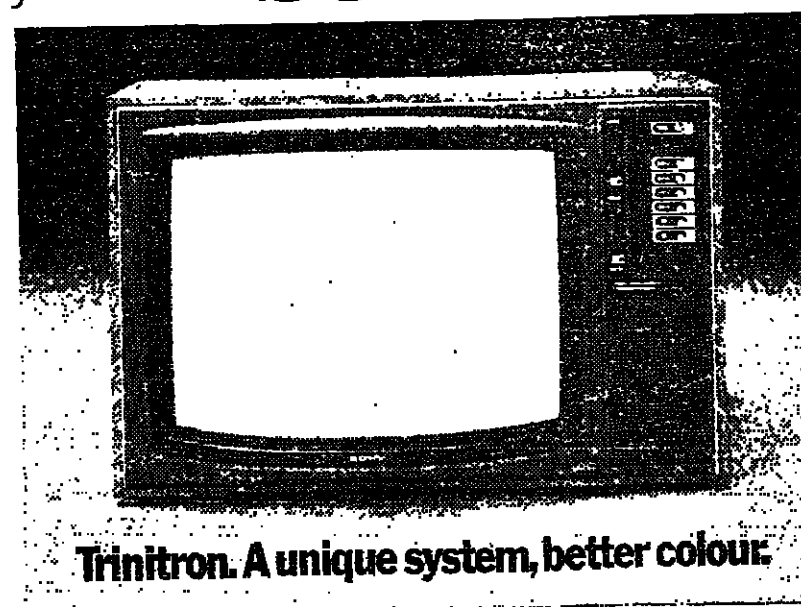
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Bernard Levin

Direct from the Scarborough folies, this dangerous game of demand and seek

On the whole, there is not much cause for serious criticism over the performance put on by the Prime Minister and the National Union of Mineworkers at Scarborough. The script was lively, funny, and happily free of the smut that is all too prevalent on some stages today; the gags were delivered with excellent timing; the customers were properly appreciative; and the arrangements for transmission of the show to the much larger home audience seem to have worked perfectly. My only complaint is that the producers dispensed with too many of the familiar elements that I, and I am sure many others, have grown to love in such entertainments. Why, for instance, did not the members of the union's executive take the stage wearing large red cardboard noses, giant shoes and sailor hats, and sing "Kiss Me Quick"? Why did not Mr Gormley and Mr Scargill belabour one another with huge sausages, or pour buckets of whitewash over Mr Daly? Why did not the Prime Minister's trousers fall down, displaying vividly striped underpants? And why did not the *Daily Mirror's* front page bear a headline reading "Back from the brink"?

Come, let us do a little simple arithmetic, followed by a little simple politics. The present weekly rate for coalface miners, which the unionists agreed to accept, is £100, or 64 per cent, or six and a half times the permitted limit under the forthcoming statutory incomes policy. Are we to suppose that a union with the power possessed by the NUM will be willing, merely because it has agreed to seek £100 rather than demand it, to accept £67? If we are expected to believe

that—expected by Mr Wilson, Mr Healey or the NUM (to do Mr Scargill justice, he certainly does not expect us to believe it and refuses to pretend otherwise)—then we are expected to believe manifest nonsense. But being expected to believe manifest nonsense is precisely what the New Reality was supposed to deliver us from: indeed, almost at the very moment of the farce at Scarborough the Chancellor of the Exchequer was leaping up and down before the Parliamentary Labour Party, drumming on his chest and shouting: "Me Tarzan, you Jane", at Mr Eric Heffer. Does the £6 or 10 per cent limit apply to the miners or does it not? If it does, will somebody kindly say so, so that the miners can reject it and we can all start thinking what to do next. If it does not, will Mr Wilson and Mr Healey kindly tell us how they intend to cope with the demands of those unions who see the miners escaping its consequences and demand to be treated no less generously.

It is too much to hope that we may, about next February, be treated to the spectacle of a General Election called by Mr Wilson to decide the question "Who governs Britain?". All the same, Mr Wilson is going to have to answer the question, even if he confines his answer only to his pillow. When the miners insist, not on £100 but on, say £80, what is the Prime Minister going to do? He will have three, and only three, choices; to pay all or most of what is demanded, and excuse his action by saying that the miners are a special case; to refuse, and resist a strike; or to adopt some such course as was outlined in yesterday's chief leading article in this paper, by immediately raising the price of coal to cover the full costs of the increase, and/or to announce a concomitant contraction

Does the £6 or 10 per cent limit apply to the miners or does it not? If it does will somebody kindly say so

In the coal industry and in the plans for its development, Mr Wilson being Mr Wilson (and Mr Healey being Mr Healey) they will adopt the first course while pretending to adopt the third, but the point I wish to make is that they knew what the situation was before Mr Wilson left King's Cross, and yet the farce was permitted to proceed to its conclusion.

I ask, as I asked in a different context on Tuesday: how can, and why should, any of Britain's creditors, or any of those whose confidence in the pound sterling it is essential to restore if Britain is to survive, believe anything Mr Healey says? What he says is—well, let us have his exact words:

There is a special urgency now. Last year Britain was in the higher bracket so far as inflation was concerned. This year we are two or three times higher than anyone else. That is the measure of our problem. There can be a 10 per cent cut in our standard of living, and a 10 per cent cut in our public expenditure, or we will have to

crawl to the International Monetary Fund and accept the terms they impose on us. I am not prepared to come to the House with a statement which does not carry conviction abroad and which would merely mean returning in a few days with another policy. The Government must stand up to any action in the public sector.

That is very plain, and very clear, and very right, and very necessary. Above all, however, it is very realistic: it appraises the unpleasant situation that exists, instead of appraising the much more agreeable situation that unfortunately does not exist. But if Mr Healey's statement embodies the Government's attitude, what were the Scarborough Fol-de-Rois about? In London it is bitter bread: in Scarborough sweet air-pies. When this Government face, publicly and without evasion, the fact that, however Britain's problems are to be solved, they cannot be solved by changing the word "demand" to the word "seek"? Our problem is not one of words. It is one of money, production, appetite, efficiency, selfishness, sacrifice, democracy, patriotism, tolerance and treason, and all these things are real; they live and move and have their being, and they, not words, will decide our fate.

When will Mr Wilson either face the fact that what he is supposed to be running is a Government, not a crossword puzzle, or make way for someone who will? It was clear in advance that the NUM conference, when it came to discuss its pay claim, were to reach a unanimous agreement, the agreement reached would be meaningless in so far as it was not dishonest, and dishonest in so far as it was not meaningless. So far as a unanimous decision could only have been reached, by everybody concerned,

Ronald Butt

A primary case for Labour

What is at stake in the attack on Mr Prentice within his own constituency party, according to Mr Frank Allaun and his Campaign for Labour Party Democracy colleagues in a letter to *The Times* on Tuesday, are "two principles which are basic to the democratic Labour movement". These principles they define as the right of a constituency Labour Party to be represented by an MP of its own choice, and the ultimate accountability of such an MP to the party organisation which was instrumental in his selection and election.

This illuminating statement from representatives of the Labour Left, deserves some analysis. Read in one way, it could be regarded as a simple truism. Certainly it is a long-standing "right" of local parties and people to remove whom they have ceased to like or trust, or whom they consider no longer represents the things for which their party is in business.

Indeed, short of the reduction to absurdity of legally forcing constituency parties to go on supporting with time and money all MPs they have once elected, such a "right" cannot be denied—for it is, of course, not really a "right" but simply a fact.

However, in the context in which Mr Allaun's letter is written, his two principles cannot simply be accepted as a truism. We have first to ask what is meant by the term "constituency Labour Party". The "Party" means in practice the 30 or 40 activists (sometimes they are as few as 20) who choose the candidate. It is emphatically does not mean all the Labour Party members of the constituency and its voters.

It means either, I think, we should see a very different kind of Labour MP in Parliament. There is, of course, nothing new in the fact that in some constituencies all or most of the constituents who are safe for one or other of the two major parties have the virtual right to nominate the MP.

It may be said that somebody must select the candidates, and why not those people who are prepared to stretch themselves to take the most active interest in the politics of their constituency? It might also be contended that the system has hitherto worked quite well in general. It is probably fair to say that although candidate selection in both major parties is on too narrow a basis, the Conservative Party has been rather more "democratic" in that anybody can apply for a candidature instead of having to be nominated by a local party organization.

It is also a significant difference that after the selection of a local candidate by a Constituency Association's Executive Council (usually between 40 and 100), the candidate has to appear before a full meeting of the Association where, though it is usually a formality, it is at any rate possible to oppose the Executive Council's choice. In the Labour Party, however, there is no such check.

In view of the facts of local Labour politics, the question really has to be asked whether it is not the grossest ingratitude for Mr Allaun and his friends to claim, apparently as a natural right, that local Labour caucuses, which are both unrepresentative of the constituency Labour supporters and are frequently, for purely historical reasons, in the grip of this or that union should have the right to nominate an MP, keep on a leading string and complain when another section of their own party, representing the Social Democratic element, even ventures to protest.

Mr Allaun has urged the party caucus in Newham North-East, to take their decision.

in the assurance that they will have the full support of the great mass of the constituency Labour Party, this he really means the mass of caucuses consisting of 40 or so people who claim right to send Labour to Parliament.

The question is how, if there is to be a degree of genuine representative democracy in the Labour Party, also important for the values, but for them the answer is, because the servative Party is not the same sense, as Labour parties presenting them to the public as one.) It would be to establish a system of primary elections for party candidates by a representative body of members—and I would like Mr Allaun's friends would like to see I do not know.

The constitutional ties of importing an enforced primary system, the American sort, would mean holding a p election of all the electors in the constituency to choose Labour (or Conservative) would I think be under our parliamentary system, and it could have great disadvantages of its own, more firmly the body politic. But it is possible to hold primaries which at least the mind of the full citizenship of the local party was precisely what was the two established parties when a primary was held which all paid-up members of the Conservative Party was possible to join the for the occasion) who put at about 3,000 people to select the Tory date.

In fact over a thousand people turned out in bitter weather to spend an evening choosing Mr Andrew B after several ballots. At 1968 Sir Geoffrey How chosen in something like a majority (which he described as the "American" of our selection procedures) by a secret ballot nearly 600 local party voters at Reigate.

It ought therefore not impossible to put party members and the local Labour Party are particularly in this. But the greatest of is the fact itself symptomatic of Labour's decay as a party, that its membership has been steadily falling over the years.

The Labour Party is no longer a party to divide its members but it is thought to be under a thousand people many constituencies. The of mounting anything convincing primary of p members, supporting Labour Party were for such an exercise in racy, could on present ing, founder for lack of adequate membership—d I suppose it is arguable more Labour voters might prepared to become p members if they thought had a chance of participating the selection of their dates.

Increasingly the Labour Party organization at level has fallen under domination of zealots whose objectives are separated by light years those of the ordinary rank file of Labour voters.

If this goes on, of course the Labour Party will split up or fewer and fewer people will vote for it, and the kind of democracy Mr Allaun, in which the majority of the new boroughs is simply to be in hands of the sort of people whom he approves. If democracy, which don't take a chance on a primary happens? and see

How much of a gamble is the great space link-up?

After the intense competition for mastery of space between the Americans and Russians over the past 15 years, the attempt next week to link a Soviet and a United States spacecraft orbiting 140 miles above the earth is an encouraging development. Apart from being the first cooperative effort in manned space flight, the venture also marks in an agreeable way what may be regarded as the end of the first era of man's second most expensive technical adventure: the most costly being the spending on nuclear armaments.

The enterprise confers on manned space flight a feeling of middle-aged comfort replacing earlier heady excitement. None of the astronauts—three Americans and two Russians—is under the age of 40; indeed the United States crew includes a 51-year-old pilot, Donald Slayton, who was one of the seven original astronauts chosen 16 years ago for the Mercury series of flights. Yet Slayton has not been in orbit before; he was replaced on the

mission for which he had been selected after developing an erratic heart beat. The American rocket for this journey, officially labelled the Apollo-Soyuz Test Project, should be the last launch of the family of giant Saturn vehicles devised by Werner von Braun, the German rocket engineer. However, allowance has to be made in this technology for contingencies, and two other launchers in the series remain in stock in case the undertaking needs repeating.

Without doubt there are many "ifs" and "buts" about the joint scheme: these lie largely in questions about the ability of the Russians to meet the standards required of the Americans.

When a Soviet cosmonaut and an American astronaut crawl through an interlocking tunnel between spacecraft to shake hands in a few days' time, the gesture will be a triumph for scientists and engineers: whether it contributes seriously rather than



Astronauts Vance Brand, Aleksey Leonov, Thomas Stafford, Donald Slayton and Valeriy Kubasov.

superficially to détente is more difficult to judge.

The spacecraft of the two countries are very different. Devising a method for linking them together demands some clever ideas for the rendezvous and docking movements of spacecraft.

The performance of the Soyuz design of spacecraft has been less successful than its Apollo

counterpart. There have been several failures to get craft into the correct orbit.

Confidence in the Soyuz machines was shaken in April, when the Soviet Union announced that a launch had to be aborted: a two-man crew was forced to return shortly after blast-off. The problem was attributed to teething troubles with a new rocket booster. Since then cosmonauts have made other flights, and at present a crew on board a Salyut space station has beaten Russian records for the length of stay in space. They have a long way to go to equal the stay in space established by American crews on Skylab missions.

The link-up will complete an agreement made in May 1972 between the two countries for a common docking system for future generations of craft: in other words either country could be in a position to come to the rescue of the other despite very different approaches in the construction of their vehicles.

The rest should take nine days. First to go into space will be Commander Aleksey Leonov and Flight Engineer Valeriy Kubasov from the cosmodrome at Baikonur. The Apollo launch from the Kennedy Space Centre, Florida, will be with

Commander Thomas Stafford, command module pilot Vance Brand, and docking module pilot Donald Slayton.

The delicate manoeuvres for the union of the two craft will be made by the American crew. Extensive modifications to the apparatus for docking between spacecraft was necessary for the project, as were many other technical arrangements.

Vital communications links, for example, are different. Communications between the main control centre in Houston, from which the mission will be run, and the control centre in Russia will depend partly on using a satellite above Kenya. The chief purpose of the flight is to check the compatibility of the docking system. Related aims include checking procedures for transferring crews from one spacecraft to another and testing the more complex ground network. Both centres will be in constant contact during the mission. Russian interpreters at the centre in Houston will relay communications to Moscow, and English interpreters in Moscow will communicate with Houston.

The American spacecraft consists of the familiar command and service modules used in the Apollo programme for moon landings. In addition,

the United States has developed the Docking Module. It consists of an airlock that fits between Apollo and Soyuz and allows crews to transfer from one spacecraft to the other.

This extra segment is needed because the crafts have different cabin atmospheres. The Apollo one is pure oxygen at a pressure of five pounds per square inch. The Russian's uses a sea level atmosphere, which is an oxygen and nitrogen mix at 14.7 pounds per square inch. The docking module is a cylinder ten feet long and five feet wide. It can be pressurized to match the condition of either spacecraft.

The Apollo docking mechanism is only half of the command docking system; the other half is on Soyuz. The two mechanisms were jointly designed but are quite different. One is electrical and the other hydraulic. Soyuz will be boosted initially into an elliptical orbit. After two rocket-firing manoeuvres, it will be put into circular orbit to "wait" for Apollo, launched seven-and-a-half hours later. For the next two days, Apollo will "chase" Soyuz as the two spacecraft revolve about the earth like a pair of ring cars on a circular track. Apollo, at the lower altitude, will complete a revolution quicker, thus will gradually catch up. Aided by the Soviet and American tracking networks, and by the control centres at Moscow and Houston, Apollo will perform a series of manoeuvres which gradually narrow the altitude and plane differentials of the two spacecraft.

About 50 hours into the mission, Apollo and Soyuz will be close enough for visual sighting; a flashing beacon on the Soyuz will guide Apollo in the final phase of the rendezvous.

Pearce Wright
Science Editor

Europe's banks come in all shapes and sizes. So why talk to Toronto Dominion?

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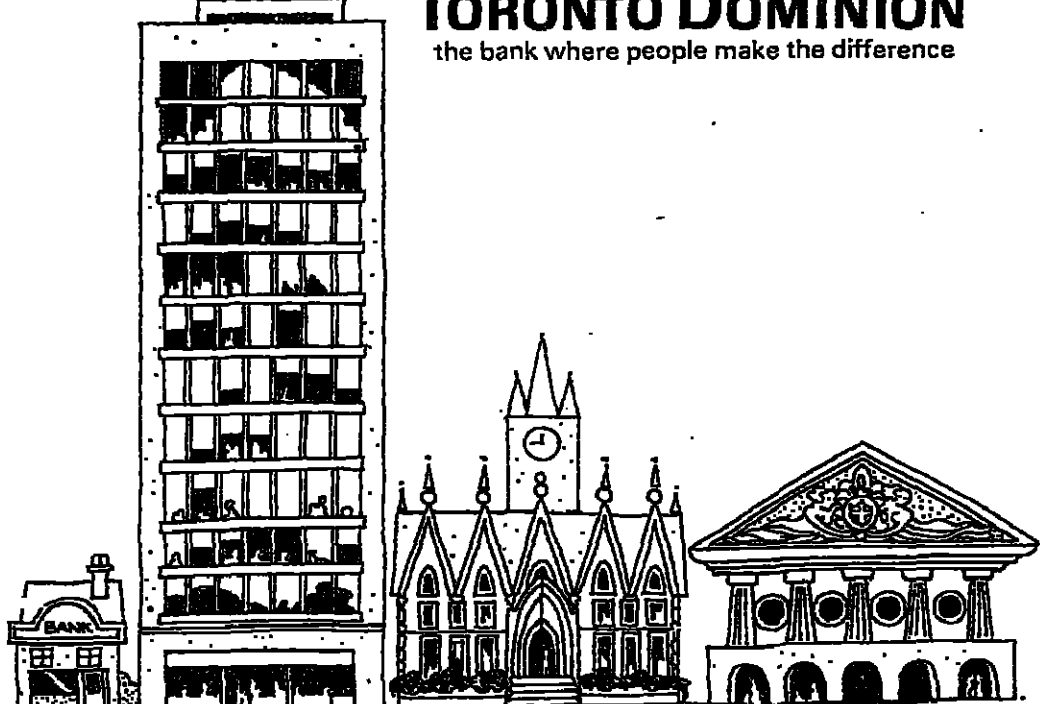
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The Times Diary

Wanted:
a bigger splash

ence between treaty expenditure and discretionary expenditure, which it describes as "a source of both controversy and confusion". It concluded:

"The way expenditure is classified is not to be recognized officially as a matter of agreement between parliament and council although it is still not clear what happens if they disagree. One of the assumptions is a great deal of goodwill and fair play on both sides."

(An optimistic assumption, I should have thought. Any chance for theological debate of this sort is eagerly seized here.) Until the parliament's proceedings perk up it is going to be hard to get most British MPs to come here with enthusiasm. It is hard to know what criteria are employed in making such a judgment.

Michael Stewart, the leader of the British Labour group, is concerned with how to attract bright MPs here and refers to something I dub the John Edwards syndrome. Edwards was, says Stewart, a young Labour MP of talent who devoted much of his time to the Council of Europe. He died quite young, but he is remembered here with such respect that a room on the fourth floor of the council building is named after him. Yet his name means nothing to me or, I suspect, to most people in Britain.

Playing an active part in Europe takes time and effort and offers no political reward at home. That is, Stewart believes, among the most powerful arguments for having members elected directly.

Embarrassing

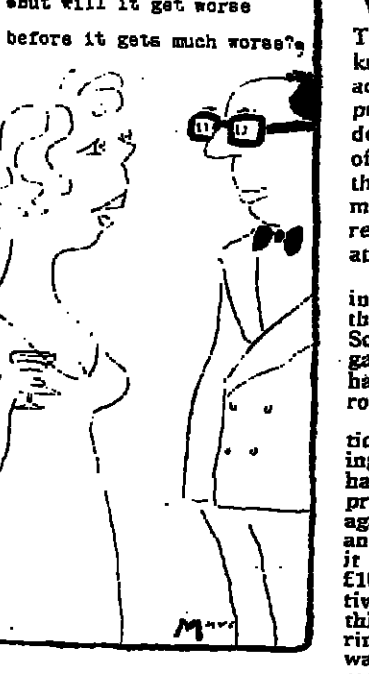
The least dignified event in Strasbourg this week was Lord Gladwyn's press conference on Tuesday evening. In an overcrowded room, over wine and miniature pastries, he explained why he had replaced Russell Johnston as the sole representative of the British Liberals here, why, as he put it, "an elderly British peer springing like a phoenix from the ashes of Mr Johnston".

Some reporters' democratic susceptibilities were clearly affronted by the switch from an elected representative to a none-elected one, and the acute mood was not helped by semantic obtuseness over whose decision the change finally was.

Lord Gladwyn denied that he had pressed the Liberal party to give him the seat back, but he was available and would be to continue his work on a defence report here. I said that to let people know you are you have just been dismissed seemed tantamount to lobbying for selection. But Gladwyn disagreed and called me malevolent to boot.

There was a further embarrassing scene at question time yesterday when a question about unemployment submitted by Johnston could not be answered because he was not

"But will it get worse before it gets much worse?"



Wordy

The end of civilization as we know it has been, if actually averted, at least postponed for the time being. A decision by the National Union of Mineworkers in Scarborough this week to give the Government a sporting chance will be remembered as a historic day at least for a week or two.

Eight times during the morning and early afternoon before the crucial pay debate, Arthur Phillips, the Yorkshire delegation, told the conference hall to confer in obscure ant rooms and corridors. This concentrated deliberation was over the exact meaning of the word "seek", which was suggested as a compromise, and its relative merit against the words "demand" and "objective". "Demand" was felt mean: "We want 100 now or else". "Objective" was deemed to mean "We think £100 miners" has a ring to it, but we don't mind waiting until the Government says we can have it."

Then some anonymous politician discovered the word "seek" which was taken to mean: "We shall ask for £100 immediately, and if we don't get it we shall, or think what to do next."

An even more brilliant stroke of double-talk was then thrown up in desperation: "seek to demand". But no one had the slightest idea what that meant and it was dismissed as silly. The final resolution, which resembled poetry written by a committee, contained the magic formula: "enter into negotiations to seek". The underground philologists were satisfied.

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CRIME GOES ON RISING

The annual report to the Home Secretary by Sir John Hill, the Chief Inspector of Constabulary, is a gloomy document. In his review of "an arduous and difficult year" Sir John is obliged to mention first the unprecedented increase in politically motivated terrorism in 1974. In terms of their immediate notoriety and the public concern that they inevitably generated, the precedents given to these outrages is entirely justified. However, such terrorism is not yet an indigenous phenomenon, with the Anger Brigade's campaign four years ago. Although terrorist acts are committed in Britain, the conflicts on which they breed are taking place outside this island, in Northern Ireland and the Middle East. So it is possible to hope that with a satisfactory solution of these external conflicts terrorism in Britain will cease or be greatly reduced.

Sadly it is not yet possible to look forward with the same optimism to the year in which the apparently inexorable increase in the number of other crimes is permanently restrained. Less spectacular but at least as significant as the upsurge in terrorism is the increase in the number

of recorded crimes (outside the Metropolitan Police area) by more than a fifth in 1974 compared to the previous year. According to Sir John's report, crime increased in every category with the exception of sexual offences, which declined in number by 5 per cent. This startling increase is particularly disappointing because the number of recorded crimes in 1973 had declined by 0.7 per cent compared to 1972. Another disappointing but perhaps inevitable result of the higher crime rate was a reduction in the proportion of crimes cleared up from 47 to 44 per cent, although their number increased by more than 60,000.

The immediate impact of such a startling rise in crime in a single year can be to nourish the almost pathological speculation on the American pattern about the decay of the social fabric, particularly in our larger cities, under the assault of violent crime. In fact calm and careful interpretation of these figures should lead to more restrained conclusions. Crimes of violence against the person increased by 4 per cent compared to rises of 24 per cent in cases of burglary and

theft and of 25 per cent in cases of criminal damage. Sir John Hill himself placed the increase in a proper perspective when he wrote: "It is worth mentioning that a large proportion of the offences are at the less serious end of the crime spectrum. This may reflect changing attitudes, lowered standards, the spread of urbanization, inflation, unemployment, and increasing opportunities for persons to commit crime."

Perhaps more disturbing than the increase in the total number of recorded crimes is the sharp rise in the number of offences committed by juveniles. Of course all juvenile offenders are not destined to follow a career of crime in their adult lives. Some delinquency is a corrupt manifestation of a youth culture that loses its grip when teenagers marry and settle down to work. It is not necessarily evidence of serious criminal potential. Yet the great danger remains that these young people are acquiring, in the words of the Chief Inspector of Constabulary, "a professionalism in criminal expertise" at a much earlier age than in the past. The present increase in juvenile crime is a gloomy augury of the level of crime in the future.

AUSTRALIA NEEDS CREDIBLE GOVERNMENT

The special one-day session of the Australian Federal Parliament yesterday has apparently ended in victory for Mr Gough Whitlam, but it may be doubted if it has silenced all criticism of the peculiar affair of Dr Cairns and the petrodollar loans. Mr Whitlam used the occasion to denounce the press and media even more than the Opposition leader, Mr Fraser, for their vile insinuations that anything needed investigation in the behaviour of Dr Cairns, whom he first demoted from the Treasury (Dr Cairns is the first Australian Treasurer never to present a budget) and last week kicked right out of the Government because of his "unsatisfactory" explanation to Parliament and to himself of his handling of a plan to raise \$2,000m from Arab sources for energy development. Apparently Mr Whitlam expected the nation to treat it as all part of a routine Cabinet reshuffle.

Mr Whitlam declared that Parliament was the place to bring forward specific charges of impropriety or illegal or corrupt practices, and challenged anyone to make one. As nobody did, he rejected Mr Fraser's call for a judicial inquiry. But Mr Fraser is certainly right. Parliament cannot sift the mass of imputations of misconduct at various levels that have been going round. A judicial process of some sort is best for this purpose, and to clear reputations if this is needed—as it seems to be.

Dr Cairns is accused by his civil servants of no more than being naive, but the Opposition's charge that the Government was trying to raise "funny money through funny men" will, unless it is objectively examined, continue to cause public disquiet.

Mr Whitlam poses as a champion of "open government". Circumstances in Canberra today make government not just open, but a political voyeur's treat. Senior civil servants openly disparage their ministers while ministers openly criticize their officials and each other. Secret documents, foreign cables and normal inter-office communications are handed to the press, photocopied and circulated out of context. Secretaries pass on copies of ministers' letters, and almost everyone talks to the representatives of the media which Mr Whitlam castigates. In such conditions, the services of a royal commission with rather wide terms of reference would seem needed.

There was nothing routine about Mr Whitlam's Cabinet reshuffle. In what was a major victory for Mr Whitlam against the party caucus, which elects the ministerial team, and has shown every sign of wanting to allocate portfolios, and interfere even further. It is dominated by the left-wing, and Dr Cairns was its particular protégé. His dismissal drew down on Mr Whitlam the fierce criticism of Mr Bob Hawke, the powerful trade

union leader and champion of the left in the party. Moreover, the public were treated to the extraordinary spectacle of one minister, Mr Cameron, refusing to give up his office, so that the Governor-General had to be asked to revoke his commission, and then, after barricading himself in, publicly sulking as he took up his new appointment as minister for science. Mr Whitlam has rid himself of the left old guard, but has deepened his feud with the unions.

The test for Mr Whitlam must now be whether he can at last give the Commonwealth a credible government. It might now seem to be the moment for Mr Fraser to try to force a dissolution. He might get control of the narrowly divided Senate. The Government lost the recent by-election in Tasmania (normally a safe Labour seat) on a swing which, if repeated nationwide, would return the Liberal-Country Party alliance to power. But Mr Whitlam won the last election, which the Opposition forced on him, largely on the plea that he ought to have a fair go, and he has two more years in this Parliament. Mr Fraser's hold on his party is still tentative, its unity precarious, and its former leaders still bitterly at odds. He may well decide to wait until Mr Whitlam stumbles again. Mr Whitlam has certainly made to repair, in his party, in Parliament and in Australia's economic fortunes.

STABILIZING THE HOUSING MARKET

After a very lean time, the building society movement is now enjoying a year of plenty with the inflow of funds running at a record level of about £450m a month in the last two months. But the effects are not being felt across the whole housing market. All the evidence to date indicates that house prices are rising between 2.3 per cent each quarter, but this only at the bottom end of the market. A slight upturn is now apparent in the medium-priced sector, but the market for upper priced houses is still sinking.

To a certain extent the Government and the building societies are to be congratulated for having maintained an orderly market in houses. Not everyone retains happy memories of the housing boom in the early seventies, when house prices almost doubled in the space of just over two years, although lending was then at a lower level. It has been the prime pre-occupation of both the Government and building societies to prevent another such spiral. This must be a proper priority in the interests of all

house owners, present and prospective.

Nevertheless, one result of this policy is that in the last eighteen months upper priced houses have become a recognizably distinct group with their own problems, which have received no special treatment from any source. Yet the well-being of the housing market as a whole requires that all its parts should be healthy.

The penal increase in local authority rates and the increase in the upkeep costs of such homes, not to mention the decreasing real income of the owners or prospective purchasers, are all factors which will continue to ensure that occupiers in this sector of the market are unlikely to see a buoyant market again. However, some degree of "trading upwards" by home owners is desirable, so that lower priced properties can be released for first-time buyers. It is a step in the right direction that the Society has agreed that the building societies may increase their special advances limit from

£13,000 to £20,000. A categorical statement of intent of the future tax treatment of mortgage interest payments would now be welcome. It is a subject on which Mr Crosland has created uncertainty by his past remarks.

Even greater reassurances are required for the housebuilding industry. Although housing starts are beginning to improve, private house production is down by some 60,000 a year. This will almost inevitably have repercussions on house prices in the future. (No sooner did building society receipts hit record levels than the Community Land Bill gave the housebuilding industry pause for thought.) The appearance of the formal stabilization fund—the pooling of building society funds in times of plenty could help the sales of another title, a series of whispers that such a fund is desired. It will prove to housebuilders that home loan funds will be there during a cyclical downturn. It is time Mr Crosland announced that the stabilization scheme is more than just a twinkle in his eye.

Society under pressure

From Professor Ivor H. Mills
Sir, Thank you for allowing me briefly to reply to the letter of Professor Sir Denis Hill (May 17). The major factor in breakdown of animal societies is not population density but the competitive pressure as shown by Professor James Henry in mice and Zuckerman in the baboons in London Zoo.

I am not distressed at the fall in birth rate but it is important to realize that much of it is involuntary infertility which our evidence suggests is related to stress disturbing the brain's control of the normal female hormones.

The permissive age is certainly one of the biological facts to which I referred. Disruption of sex drive occurs in animal societies under pressure and has been shown in flies, rats, monkeys and dragon flies. Our evidence shows that some women under stress produce large amounts of male hormones. We now have experimental evidence that one of the hormones released by stress affects the production of male hormone by the ovaries. Females under these circumstances are not only sterile but have a male-type sexual and social drive. The permissive age produced an increase in new cases of gonorrhoea under 25 years of age from 5,500

females per year in the early sixties to 12,000 females per year at the end of the decade. Over the same decade offences of drunkenness, which were originally falling, rose from 70,000 a year to more than 90,000 a year. Offences of driving under alcohol or drugs jumped from 20,000 in the mid-sixties to 55,000 in 1972 and 50 per cent of these were under the age of thirty.

Illegal drug offences in Mid-Anglia rose from none recorded in 1965 to 172 per year in the early seventies. In the latter half of the sixties the incidence of young children (two to four years old) finding and swallowing tablets at home in the Cambridge area rose from approximately 10 a year to 80 a year by the end of the sixties. This coincides with the sharp rise in total prescriptions in England and Wales from 242 million per year in 1965 to 272 million two years later. In the same late sixties attempted suicide by teenage males (the same age group highly represented in the group of illegal drug users) increased by a factor of five. I suggest that the dramatic changes in society in these crucial years were associated with the increasing demands on the human brain to cope with problems. Sociological evidence indicates that frequent dramatic events in people's

lives is associated with the onset of depression. Depression often leads to irritability, rows at home, broken marriages, disturbed children and attempts to escape from reality by means of drugs. Human society is rapidly resembling what Calhoun called the "behavioural sink".

Yours sincerely,
IVOR H. MILLS,
Professor of Medicine,
Addenbrooke's Hospital,
Hills Road,
Cambridge.
July 3.

Votes without canvassing

From Miss Patricia Meacock
Sir, I was interested to read Bernard Levin's article on July 1 on electioneering. In the last GLC election I stood as an independent candidate for a Westminster City ward on behalf of the Save London Action Group. I circulated no leaflets, I knocked on no doors and I did not even visit the ward, yet I received 60 votes. This was just 20 votes less than the successful councillor.

Yours faithfully,
PAT MEACOCK,
116 Gloucester Terrace, W2,
July 1.

The accountability of MPs

From Lord Shawcross, QC
Sir, Mr Frank Allaun, MP, and his friends propound (July 8) an interesting principle which they consider "basic" to the democratic Labour movement. But is it democracy? Certainly it is new. But no word has been more debased in recent years than democracy and Mr Allaun may be right in what he considers as democracy so far as the "democratic Labour movement" (whatever that may be) is concerned.

In the days, now perhaps long past, when democracy meant more or less the same thing to most intelligent people, "a constituency Labour party" certainly had no "right to be represented by an MP of its own choice" as Mr Allaun puts it. It was the ultimate accountability of such an MP to the party organization. In those days the right of the constituency party was to promote a particular candidate. But if the candidate was elected as an MP his "accountability" was not to his party organization but to the electors as a whole. And, occasionally, perhaps, to his conscience? It is the contrary practice of the rotten boroughs which Mr Allaun's principle would in fact seek to revive. Some MPs will perhaps not have heard of the late Mr Burke. But he was not only an MP; he was in his day quite a man. And when our parliamentary system has been finally destroyed I dare say that in the pages of his history Mr Burke will come to be remembered, wistfully, long after Mr Allaun's letter is forgotten.

Parliament (he said) is not a congress of ambassadors from different and hostile interests which each must maintain as an agent and advocate, against other agents and advocates; but Parliament is a deliberative assembly of one nation with one interest, that of the whole; where no local purposes, not local prejudices ought to guide but the general good resulting from the general reason of the whole. You choose a member, indeed, but when you have chosen him he is not a member of Bristol, but a member of Parliament.

The cause so many MPs—disregarding what had hitherto been a rather cherished principle of our parliamentary democracy—choose to reduce themselves to the status of mere delegates of a local chamber of commerce, trade union or constituency party representing a handful of parsons, the shires, is nowadays so great a disillusion with our parliamentary institutions. And it is symptomatic of this attitude towards their position that

Labour MPs so frequently say that the Labour government was "elected to do this" or that "the manifesto on which they were elected requires them to do that". Of course they were not elected in any true sense to do anything. Twenty-nine per cent of the total electorate voted for them. Thirty-nine per cent voted against them. Thirty per cent could not be induced to vote at all. None the less, owing to the inefficiency of our electoral system they are able to impose policies on the majority of the electorate which they do not want.

All honour to those (and Mr Prentice may be one of them) who instead of constantly talking (often inaccurately) about what the party wants occasionally talk of what the country needs and count that higher than what some constituency caucus may clamour for.

Yours truly,
HARTLEY SHAWCROSS,
House of Lords.

From Lord Kennet
Sir, Frank Allaun, MP, and others write (July 8) of the ultimate accountability of a Labour MP to the party organization which was instrumental to his selection and election. They write on behalf of the Campaign for Labour Party Democracy.

It is good to have it out in the open, in black and white. This campaign asserts the ultimate accountability of an MP, not to his country, not to his constituents, not to his constituency electorate, not to those who voted for him, not even to the members of his constituency party, but only to his constituency party organization. We must hope that the very guilelessness of the assertion will make it harmless, since it is directly contrary to parliamentary democracy, explicitly robs ordinary citizens of their power, and overtly espouses aristocratic tyranny. The Labour Party is, and must remain, faithful to plain parliamentary democracy.

Yours etc,
KENNET,
House of Lords.

From Mr S. J. B. Langdale
Sir, Mr Frank Allaun claims that it is fundamental to the working of democracy that a constituency party should have the right to be represented by an MP of its own choice, and that an MP should be accountable to the party organization "which was instrumental to his selection and election".

If accountability is a fundamental principle of democracy, then may we ask "To whom, in a democratic society, is a constituency party accountable?" Yours faithfully,
S. J. B. LANGDALE,
Headmaster's House,
The College, Eastbourne.

Taxes and sacrifices

From Mr William Douglas-Home
Sir, I sometimes think the ventilation you allow me in your columns is the only thing that saves me from one of those little strokes.

When I read Jack Jones's recent statement "far too many people are receiving incomes which are unreasonable at a time when sacrifices are called for" I was near to apoplexy. "Sacrifices" indeed! What about the 83 pence (or more) out of every pound that goes from these "unreasonable" incomes pay the Inland Revenue in tax? Is that no sacrifice?

He went on "the critics who jumped to denounce working-men's demands should set an example by voluntarily handing back some of their earnings".

Any man not aware that anybody "denounced working-men's demands" (in any case, we are all working-men) except when they exceeded productivity. And, as for "voluntarily handing back some of their earnings", what from, pray? The 17p, presumably left them out of every pound by Mr Healey. Some hope, when the 25 per cent devaluation

of the pound due to inflation already leaves them in the red.

The truth is that the higher income groups are clobbered mercilessly by both major parties in this country, that the sacrifices they make have reached the limit and that, therefore, all the plaintive arguments put forward by such people as Jack Jones, whether through ignorance or malice, have no contact with reality.

Why do the Tories not spell out these facts to Sir Geoffrey Howe and his colleagues, but in so apologetic a tone that one tends to feel ashamed of eavesdropping! The fact is that they should be plugging, day in, day out, the true facts about taxation if they want to win the next election.

By so doing they would finally expose the Socialists' mystique for what it is—namely, a parrot-cry from the past, which lacks any meaning once one realizes that taxation superseded it as a political philosophy and rendered it redundant many years ago. I am, Sir, yours sincerely,
WILLIAM DOUGLAS-HOME,
Leicester Club,
July 7.

Best-seller lists

From Mr Herbert van Thal
Sir, Arguments have been erupting in the trade as long as I can remember (some fifty years) over the question of "best-seller" lists.

But what purpose do they serve? They certainly do not necessarily reveal quality by a long chalk. A parochial interest could boost sales of a particular book in certain districts, a passing phase of interest could help the sales of another title, a series of whispers that such and such a book is a best-seller, or a piece of pornography said a third, and so on.

When I was bookkeeping and had enjoyed a book I would recommend it to my customers, and in those distant days could dispose of quite a considerable number of copies. This fact alone, that mean, if the bookshop were asked to furnish sales figures, that the title was a "best-seller" in the accepted sense?

Again, if publishers were in a position to spend money advertising that a title they had published was announced as top of the best-seller lists, one supposes that authors might receive some benefit; but alas the days have passed when publishers were able to afford any large-scale plans for advertising in such a manner.

When I observe the number of books that qualify by their time writing, scholarship and true quality, and yet are never mentioned in any list, I wonder whether the time has not come when the publisher, publishing them, in any case, do the readers of *The Times* and *The Sunday Times* really care if, for instance, the Charles Garvie of today is a best-seller?

Yours etc,
HERBERT VAN THAL,
The Reform Club, Pall Mall, SW1.

From Mr Oliver Caldecott

Sir, One aspect of the best seller list problem that has not been mentioned. More and more books are first published as trade or quality paperbackbacks and often with no prior simultaneous hardback edition, or with a small accompanying run in hardback form. These original paperback editions may be priced

at between £1.50-£3.50, and may out-sell many so-called "best selling" hardbacks but cannot (and are not intended to) compete with (nor to replace subsequent) mass-market paperback publication.

Where do such trade paperbackbacks fit in the present crude categories? It seems to me that in future the best seller lists should be divided into "trade editions", fiction and non-fiction (hardback or paperback) and mass-market paperbackbacks.

Yours faithfully,
OLIVER CALDECOTT,
Widmore House,
29 King Street, WC2.

From Mr Egon Ronay

Sir, Will you please allow me to reply, with brief facts, to the letter in today's issue (July 8) by Mr Peter Harland of *The Sunday Times*, in which he seeks to rebut my criticism of that newspaper's best-seller lists? He has brought to light the fact that *The Sunday Times* figures are based on returns from "some 25 to 30 per cent of the market".

The precise information on which my impression was based is that the current issue of my Guide has so far, over the period of peak months for both Guides, outsold the Consumer Association's in the ratio of nine to four in purchases by book-shoppers who represent some 25 to 30 per cent of the market. I would not, on that percentage of the market, make a generalized claim, but Mr Harland apparently does.

Yours faithfully,
EGON RONAY,
Egon Ronay Organisation,
Queens House,
Leicester Square, WC2.

From Mr Geoffrey Grigson

Sir, "Best-seller" was, is, and should remain a disrespectful term for a book which sells because its qualities—to use another such term—are "low-brow". What Mr Peter Harland of *The Sunday Times* needs to explain is why his paper should publish a weekly list of the kitsch—of the most part—which its literary editor rightly does not

Powers of militant students

From Councillor Nicholas Bennett
Sir, As a former student at the Polytechnic of North London I read with interest the letter of Lord Annan (July 3) and those of subsequent correspondents. I found the Director of the Polytechnic, Terence Miller, to be a man of considerable courage, integrity and as can be seen from some of the quotes in the letter from the student union presidents (July 5) not without a sense of humour.

Of course he has made mistakes but I believe that the mistakes he has made are to a large extent the result of the constant harassment he has received from a small highly vocal group of politically motivated men. They have been the mistakes of a man who has been appalled at what he has seen and has spoken with a refreshing bluntness unusual in academic men.

The situation at the Polytechnic of North London has arisen almost entirely as the result of a small number of perpetual students dominating the students' union and using it for their own ends. Reluctant to face a world in which their political ideas are rejected by 99 per cent of the population, they have instead found the one arena in which by careful manipulation they can dominate.

That they have succeeded in doing this is in part a condemnation on the vast majority of students in the polytechnic who, apart from using their mass voting power to end the polytechnic's three occupations, did nothing to help those of us who tried to end the domination of the students' union by the International Socialists. However, the militants have also been helped by the structure of the students' union. The creation of six full-time student officer posts in the SU has helped the International Socialists to create a self-perpetuating oligarchy. Indeed, one IS president (the PNL for seven years) was a student, four of them as a student union officer. This has made it extremely difficult for the ordinary student who does not enjoy their patronage and with lectures to attend and essays to write, to challenge them.

The militants maintain their control by the use of the superficially democratic "general meeting". These meetings consist almost entirely of debates on extreme left-wing motions with no relevance to student affairs. Each motion which

invariably ran to at least a page in length would encompass six or seven totally unrelated political issues.

These motions would then be subjected to amendment by each Trotskyite faction in turn. Their amendments which would set out their own analysis in even greater detail than the original motion would then be discussed for several hours. It is not surprising therefore that many of the meetings were inquorate although the quorum required was only 4 per cent of the student body.

The most serious consequence of these poorly attended meetings was the misuse of public funds. During the past four years various ultra vires payments have been made to an assortment of left-wing bodies. Expenditure which had at been incurred by the local authorities providing the SU with the money, would have led to an immediate inquiry and surcharge by the District Auditor.

Messrs Fackham and Rosenberg refer in their letter (July 5) to proposed reductions in the number of students on the Polytechnic's Academic Board. During my final year I sat on the board as one of the 29 student members (36 per cent of the board). Of the 29 only five of us ever made any contribution to the board's discussions. Indeed, when the board met in February, 1974 to discuss the Polytechnic's Academic Development Plan, a plan they could not politicize, the vast majority of the student members chose to spend the hour taking part in the occupation of the office of the Director of the Middlesex Polytechnic!

Academic freedom at the Polytechnic of North London will only flourish if the educational establishment are prepared to support Terence Miller. At the same time action must be taken by the DES to ensure that the scales are tilted in favour of the ordinary moderate student. This could be done by resurrecting, albeit in a different form, the idea of a Registrar of Students' Unions, with the power to ensure that all students' unions in England and Wales have rules and procedures which will make a reputation of the situation at the PNL impossible.

Yours faithfully,
NICHOLAS BENNETT, Chairman,
Polytechnic of North London
Conservative Association, 1971-74,
235 Devonshire Road, SE23.

Restoring furniture

From Mr Julian Guest
Sir, Geraldine Norman in her excellent article entitled "When something old becomes something new" (*The Times*, July 5) raises the question of the desirability of redecorating painted or gilt furniture.

Firstly let us apply what "rules" exist in the restoration of more ordinary wood veneered furniture. If a dealer or collector comes into the possession of an important or interesting piece which is in need of restoration, what is he to do? Should he leave the piece in its existing condition, which on occasion precludes further use or enjoyment, or should he restore it more nearly to its former glory?

In my humble opinion it is better by far to restore the piece for the benefit of future generations than to scrap it as useless, as long as the restorations necessary are carried out in a spirit of honesty towards the intentions of the original creator. On no account should so-called "improvements" be attempted.

There are of course occasions when the retention of a piece in its original dilapidated condition will benefit future study and research, as is the case in the recent

acquisition by the Victoria and Albert Museum of a Queen Anne wing chair from Chisleton House, which by some miracle has retained the shreds of its original upholstery.

The question of decorated furniture, whether lacquered, painted or gilt, is more delicate. By the very nature of its construction and decoration this class of furniture tends to suffer more from the ravages of time than that which is constructed from more lasting materials. Is it not better to redecorate, employing once again that spirit of integrity towards the original appearance, so that it can once more excite the admiration and interest of the on-looker?

There will always be divergences of opinion on this subject, but let me draw one parallel; we, as a nation proud of its heritage, restore old buildings and indeed are encouraged to do so by the offer of financial aid from the state. Is this any different from the rescue of many fine pieces of antique furniture from oblivion? I remain, Sir, your obedient servant.
JULIAN GUEST,
Sholey House,
Harrington,
Northamptonshire,
July 5.

Race relations poem

From Mr Peter Dawson
Sir, Mr Mark Bonham Carter's attempt to excuse publication of the poem *Babylon* by implying that this sort of thing is encouraged in schools today is thoroughly objectionable. Creativity is not promoted by allowing youngsters to produce offensive propaganda which relies upon distortion and misrepresentation for its effect.

Verse form does not give to untruth some artistic merit or educational worth. Any suggestion that the teaching profession admits the production of insulting material in the classroom in the cause of poetic development is in itself an insult to those working in schools. Mr Bonham Carter must look somewhere else to hide. Yours faithfully,
PETER DAWSON, Headmaster,
Eltham Green School,
Queenscroft Road, SE9.

Barlaston Hall

From Miss Ann Caulfield
Sir, Helen Pagan's letter (July 2) is lucid and excellent, but I venture, as another direct descendant of Josiah Wedgwood's, to bring forward two further points. The "new and beautiful" products of Wedgwood's were conceived largely through the influence of a neo-classicism, an admirably put forward. Sir, in your leading article of June 26. Therefore Barlaston Hall is indeed part of Wedgwood history and responsibility, though obviously not wholly so.

Secondly, taste opts for the preservation of the building. Taste is frequently at variance with popular/commercial art and interests, but our civilization still depends on it.

All honour to Mr Crosland for such a decision in these difficult times. Yours faithfully,
ANN CAULFIELD,
The Cottage,
Keyshort Green,
Midhurst, Sussex.

Neighbours

From Dr Eugene E. Trunnell
Sir, It has come to our attention that the Original Editions gallery of the British Museum (East Wing, entrance floor) the curator has chosen to juxtapose *Mein Kampf* and *Interpretations of Dreams*.

Hitler and Freud share too closely the right half of a display case.

We understand the curator's problem: where to place *Mein Kampf* so it will not offend the admirers of a companion volume, or do violence to the latter?

May we be constructive and suggest that you remove the Freud volume for placement elsewhere, and substitute the good Dean Swift's *Gulliver's Travels*, opened at the pages describing the Yahoos? Hitler was the prime Yahoo of his time, and Dean Swift would not mind the curator thus commenting editorially and silently.

Yours faithfully,
EUGENE E. TRUNNELL, President,
St. Louis Psychological Society,
4524 Forest Park Avenue,
St. Louis,
Missouri.

Amazing value

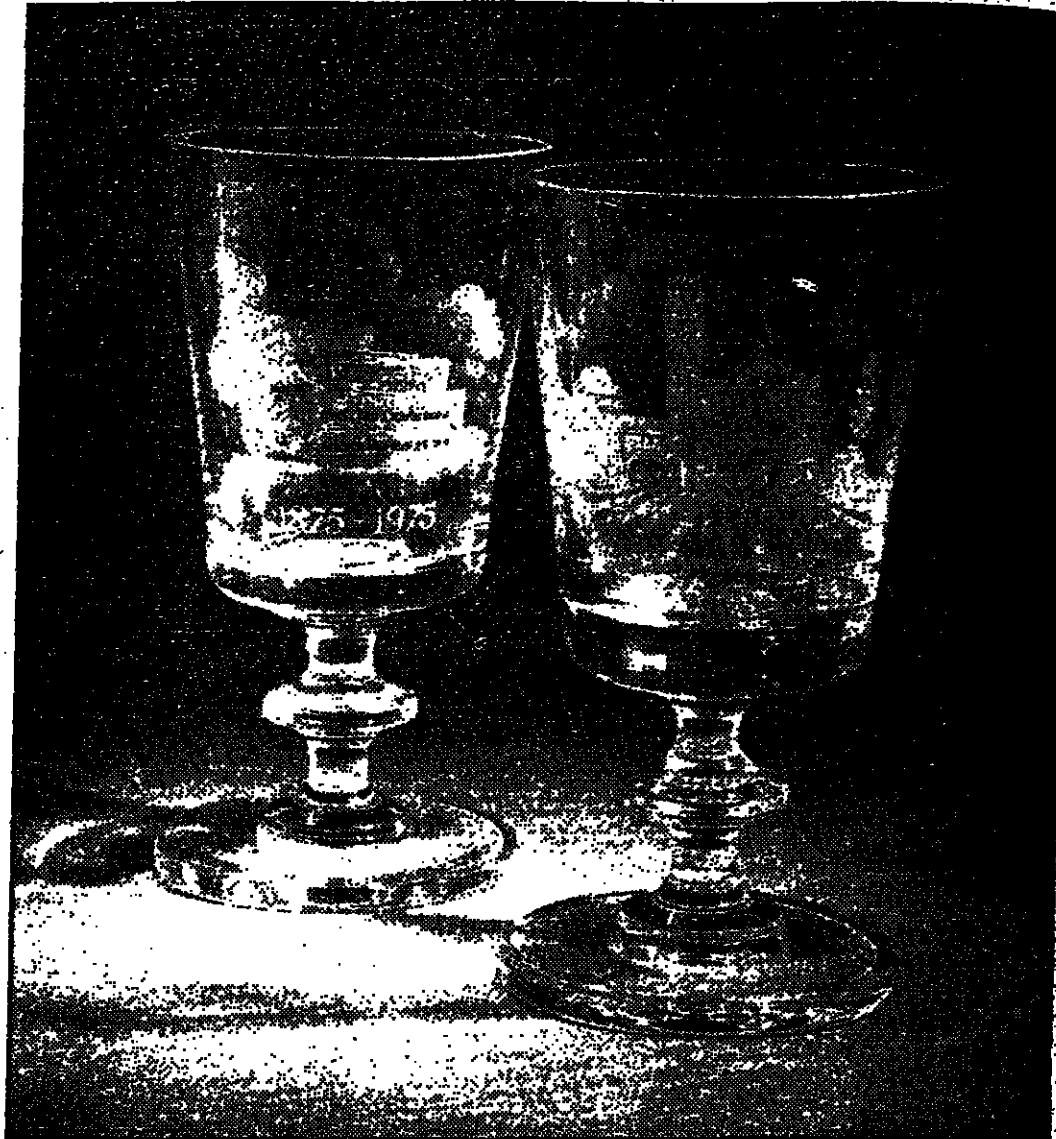
From Mr D. A. Wakeford
Sir, Surely the best value is Kew Gardens—entrance fee one penny. This is also one of the very few places—or perhaps the only one—to be reduced by decimalization, having previously been three old pence. Yours faithfully,
D. A. WAKEFORD,
12 Charlotte Road,
Barnes, SW13.

Putting techniques

From Dr Julian Denton
Sir, Lieutenant-General Cowley (Letters, July 7) is quite right above the present dearth of left-handed golfers. Looking back over the years, it strikes me that during the 20s and 30s there were a number of fine left-handers playing, many of them amongst the ranks of the amateurs.

In particular I remember Lawrence Beesley, who frequently drew large crowds, not just because of his sinister style, but also because of his habit of lining up putts: he would lie supine on the green and measure up the shot by squinting through his feet, which he used as a gun-sight. I am not sure of the efficacy of the system, but it certainly never failed to intrigue those who saw it. Yours faithfully,
JULIAN DENTON,
22 Norham Gardens,
Oxford.





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beginners and very
good it is', Times
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Stock Exchange prices

Long gilts again strong

ACCOUNT DAYS : Dealings Began, June 30. Dealings End, July 11. Contango Day, July 14. Settlement Day, July 22.
 \$ Forward bargains are permitted on two previous days.

1974-75 High Low Company Price Chg Pence % P/E				1974-75 High Low Company Price Chg Pence % P/E				1974-75 High Low Company Price Chg Pence % P/E				1974-75 High Low Company Price Chg Pence % P/E			
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THE TIMES SHARE INDICES

The Times Share Indices for 07.07.75 (base June 1975 = 1000)

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THE TIMES

BUSINESS NEWS

PLANNING A NEW WAREHOUSE?
Built in the benefits of an
ATCOST
STRUCTURAL FRAME
ATCOST INDUSTRIAL DIVISION
Berkley Sq House, London W1X 5LE 01-483 0882

Alfred Herbert to receive up to £25m aid under government rescue scheme

Edward Townsend, director of the Alfred Herbert tool plant, is to receive up to £25m of government aid under a scheme announced in the Commons yesterday by Mr Eric Varley, Secretary of State for Industry. The announcement brings to a close more than a year of government investigations of the firm's future and eight months of study and negotiations by independent consultants and the joint company and a floor working party. Mr Varley said that a maximum of £25m of long-term aid would be made available under section 8 of the Industry Act on terms yet to be decided. A major proportion of the aid is to be in equity, he said, and the proposed Industrial Enterprise Board. The scheme was seen last night as a major step by the government in its overall plan to stimulate the depressed machine tool industry. Following closely on the decision to inject funds into Alfred Herbert, it is expected that the government will like to see the results of the tool orders generated by the revived company going to Herbert. The Government already has a major stake in the Brighton machine tool firm of Keyser.

SKF buys Thorn stake to tie up Twist bid

By Our Financial Editor
The long takeover battle for Sheffield Twist Drill and Steel ended last night when SKF said it had bought Thorn Electrical's 16 per cent stake in Sheffield Twist at 95p a share. "Since SKF, the Swedish bearing manufacturer, already owns 17 per cent of Sheffield Twist and claims acceptance from other shareholders representing a further 19 per cent, it is virtually certain of victory," said Mr. Thorn, who originally entered the contest to prevent SKF's new cash offer, which will shortly be sent to Sheffield Twist shareholders, values the company at £12.8m. To win the SKF is raising its offer from 91p to 95p a share. Thorn's last offer, which had gained the backing of the Sheffield Twist board, was 92p a share. A crucial factor in SKF's decision to settle the matter by buying the Thorn stake—and, incidentally giving Thorn a useful profit on its short investment in the company—was the fact that SKF's new cash offer, which will shortly be sent to Sheffield Twist shareholders, values the company at £12.8m.

Managing directors' resignations end overhaul of Keyser Ullmann

By Christopher Willis
Keyser Ullmann has completed the overhaul of its senior management structure with the resignation of its board yesterday of Mr Roland Franklin and Mr Ian Stutzker, its two managing directors. Their resignation marks the final departure from the board of those senior directors who were responsible for steering the bank into a heavy commitment to the property market during the past three years. Exactly a year ago Mr Jack Delfall and Mr Stanley Van Gelder, respectively deputy chairman and managing director of Keyser, resigned. They had headed Dalton Barton, the secondary bank specializing in property lending, which Keyser acquired in 1972 for £176m. Then in March this year Mr Edward du Cann, chairman of Keyser, resigned. Keyser subsequently stepped up its lending to the property sector, resigned on the grounds that he wanted to reduce his public commitments. Mr Franklin, who has been a managing director of Keyser for nine years, is to join the board of Mr Jimmy Goldsmith's Cavenham food retailing group. He also becomes deputy chair-

Washington awaits big Russian grain orders

From Frank Vogel
Washington, July 9
Soviet grain-buying agents may be waiting for the new United States Department of Agriculture harvest forecasts, due to be published tomorrow, before concluding big contracts with United States grain exporters. The Russians are widely believed by traders and government officials to be in negotiations for large American grain purchases. The new forecasts, which are expected to suggest record grain output, could depress market prices. The Russians, possibly expecting such a development, may be waiting to sign contracts once prices have fallen. All grain export contracts above 100,000 tons have to be reported to the United States Department of Agriculture within 24 hours of contracts being signed. The department, spokesmen said, has not yet received any information about large Soviet purchases. Grain exporters no longer have to seek government approval before making large export contracts, but Administration officials suggest that a big Russian purchase would probably have to be approved by the President. There is a relatively pessimistic view here of the Russian harvest. An American forecast on the Soviet agricultural situation is scheduled to be published in the next 24 hours. The Russian charters made by the Russians, probably influenced by Mr Earl Butz, the Secretary of Agriculture, to remark that he believed current reports on a possible Soviet purchase are more than just talk. A correspondent in London writes: A leading New York shipbroker has credited Russia with recent charters of 39 bulk carriers, and requirements for 10 or 11 more, to transport grain purchases totalling up to 14.16 million tons. The reports, widely circulated on the Baltic Exchange yesterday, represented a huge increase of 20 on Monday's reports of the Soviet charters and, in the absence of detail, led to some expressions of disbelief among other brokers. Nevertheless, similar reports were also circulated in the grain markets. There has still been no official confirmation in the market of either the charters or the grain purchases. Shipowners now appear to be temporizing, pending further firm information. This had led to a dampening in overall chartering activity as well as higher rate aspirations. At the moment the effects on the market of Russian activity are incalculable. If correct at the higher range of the rumours, rates on handy-sized bulkers would almost certainly soar. Otherwise, the New York brokers suggested that the Soviets would be moving 8 million tons of North American grain this year, and between 6 and 8 million tons next year. The report coincided with other rumours concerning possible Soviet grain sales to finance the grain purchases.

US groups leared of rice-fixing

New York, July 9—A state supreme court has dismissed charges against rice-fixing, charges against the groups agreed to an order barring them from arranging to fix prices and restraining competition from independent rice dealers in the state. Without admitting any past wrongdoing, the companies—all Exaro and American Oil—agreed to a rigorous monitoring system by the state's General Office for the next five years and payments of \$45,000 each of the state. The three companies were among seven large oil concerns accused by a state grand jury 10 months ago of criminal violations of anti-trust laws. Lawyers for the remaining four companies, Mobil, Gulf and Sun Oil, indicated last night that they would continue to negotiate this summer. The indictment accused the even companies with having refrained from price competition where independent outlets were not a competitive factor, and with granting discriminatory rebates where there were independent sellers. New York Times News Service.

French franc likely to rejoin 'snake' today

From René Dabernat
Paris, July 9
The French franc is expected to rejoin the "snake" of European currencies tomorrow, after a decision taken for political as opposed to economic reasons. President Giscard d'Estaing has decided that the French currency should join the joint float of five other EEC countries—Germany, Denmark and the Benelux nations—in an attempt to give a new impetus to the Community. There is some concern about the high level at which the French parity will be fixed. Under the working of the "snake", the margin of error of the franc against other currencies in the European block is not expected to be more than 2.25 per cent. The franc's high value against the German mark has caused some concern, but this is seen as being necessary to reassure the German Government and give a boost to their EEC commitment. A French decision to try again to reinforce the Community's commitment to economic and monetary unity was held up by uncertainty over the British referendum.

Final appeal by food industry on controls

By Hugh Clayton
Food industry leaders made final appeals to the Government yesterday in an effort to stave off expenditure cuts and tighter price controls. The Food and Drink Industries Council, which has offered to surrender any profits next year that exceed a level to be agreed, held a special meeting yesterday after talks with Mrs Williams, Secretary for Prices and Consumer Protection, on Monday. Officials would make no comment afterwards except to say that the council, which represents the main trade organizations in processing, supported the initiative of the Confederation of British Industry. Leaders of the council are believed to be satisfied ministers accept that food manufacturers cannot be expected to endure further tightening of prices and profit controls. Sir Henry Plumb, president of the National Farmers' Union, asked for a meeting with Mr Fred Peart, Minister of Agriculture, about the worry of farmers that state intervention in agriculture might be cut in the forthcoming White Paper. The union fears that Mr Peart may not be able to withstand pressure within Whitehall for spending cuts that will kill his

Gilts rush exhausts 'tap' stock

By Tim Congdon
Heavy buying of long-dated gilt-edged securities continued yesterday and the latest issue of the "tap" stock, Treasury 12½ per cent 1995, which amounted to £500m and was first traded only last Friday, was exhausted by mid-morning. The record level of demand for "longs" has been encouraged by hopes of a deceleration in inflation if the Government succeeds in fixing an effective pay policy. Financial institutions in the City, whose liquidity has been unusually high in recent months, partly because of the public sector deficit, have been attracted by the high yields available at the longer end, which are still around 14 per cent. Institutions have been deterred from investment in short-dated gilts by a general expectation that the Bank of England will not allow interest rates to fall in the near future.

Sterling has best session for more than two weeks

Sterling advanced strongly on the foreign exchange markets yesterday. Its "floating devaluation" against 10 other key currencies shrank by 0.3 percentage point for the second consecutive day, and ended the session at 27.3 per cent (from 27.6 at the close of December 1971). This was its best level for more than two weeks. Against the dollar, the pound jumped by one cent to end at \$2.2655, at one stage reaching \$2.2110. Dealers said that the pound's recovery came largely from a growing feeling on the exchanges that the unions would support the Government's pay restraint policies. The compromise resolution at the miners' conference, toning down the £100 demand for face workers, together with the TUC general council vote favouring voluntary pay restraint, had strongly improved sentiment towards the pound, dealers said.

Pledge on worker directorships

The Government intends to introduce legislation on industrial democracy in the 1976-77 session of Parliament, Mr Albert Booth, Minister of State, Employment, said yesterday. The Bill, a private measure sponsored by 12 Labour MPs, provides for trade union representation on the supervisory boards of companies. Mr Booth was speaking in a Commons standing committee on the Industrial Democracy Bill.

Libyan deal gives Italy oil in exchange for assistance

From John Earle
Rome, July 9
ENI, the Italian state-owned oil corporation, has announced the signing of what its officials describe as an important agreement with the Libyan government for the supply of up to 2 million tons of crude oil a year. In exchange it will provide technical services and know-how in the petroleum industry. The agreement, signed in Tripoli by Mr Ezzedine Mabruk, the Libyan petroleum minister, and Signor Carlo Sarchi, ENI's

Brussels favour brake on UK public spending

From David Gross
Brussels, July 9
The British government's budgetary policy should be tailored to help moderate price increases and to encourage the transfer of resources towards exports, says a European Commission report issued here today. To this end, the report goes on, it should attempt to check any marked rise in private and public consumption and be strictly selective in its investment expenditure. The report will be discussed by finance ministers of the Nine at one of their regular monthly meetings tomorrow. Mr Healey, the Chancellor, will not be attending as he has to stay in London for a Cabinet meeting, but the British representative, Mr Edmund Dell, the Paymaster-General, is expected to attend.

Warning of dearer mortgages

By Margaret Stone
A warning that the mortgage rate might have to rise was given yesterday by Sir Stanley Morison, chairman of the Abbey National Building Society, the second largest in the country. Sir Stanley ruled out any prospect of a cut in the mortgage rate. He said that because of the effective reduction in the rate (two income tax increases have improved the amount of relief available to a mortgagor) there could be a re-examination of mortgage interest if the 7 per cent investment rate were no longer competitive. Sir Stanley's comments came after he had released the society's record results for the first six months of the year during which period the total assets rose by £332 to £3,338m, an increase of more than 11 per cent. House prices rising: House prices continue to show a modest increase. This is the message from Nationwide Building Society which yesterday published the latest results of its house price indices. Based on loans approved by the society in the second quarter of 1975, the rate of increase in new house prices was 3 per cent and 2 per cent for second-hand properties. This compares with increases of 2 and 3 per cent respectively in the first quarter of the year. Mr Leonard Williams, the chief general manager of Nationwide, pointed out demand for properties was still concentrated upon lower-priced properties although many more medium-sized properties were now being sold. He welcomed the recent government agreement to extend the special advances limit to £20,000 from £13,000 which would extend confidence in the housing market. A good level of activity in the upper reaches of the market as a whole was to work smoothly. Up-trading released lower-priced properties for first time buyers. Mr Williams said that private housing starts were now recovering and pointed out that size was a proportion of new house prices had fallen

AVERAGE HOUSE PRICES

	New Properties	Secondhand Properties
London & S-E	14,754	13,819
Southern	14,823	13,247
South-east	11,041	11,269
Midland	10,877	10,058
Eastern	11,959	11,343
North-west	10,291	9,388
North-east	9,788	8,963
Wales	10,591	9,546
Scotland	11,470	10,435
Great Britain	11,897	11,048
Ireland	9,830	9,581
United Kingdom	11,841	10,981

Source: Nationwide Building Society. Figures based on loans approved by the society in the second quarter of 1975.

National Carbonising Company Limited

1975 - A YEAR OF ACCOMPLISHMENT

The Hon E D Davies, Chairman, reports:

Group trading profit was £2.1m following a £80,000 loss in 1974.

Turnover at £38.8m was 63% higher than the previous best.

Borrowings were reduced to £32m from £48m. Shareholders' Funds increased to £6.3m from £5.5m.

Plants ran at near maximum capacity and captured a larger share of the home market. Exports increased from £1.3m to £9.7m.

The Company's 1.125% interest in Ninian should prove a highly profitable investment. Plans are well under way for NCC's oil interests to be merged with those of London and Scottish Marine Oil Company Limited, and Cawoods Holdings Limited, thus providing a strong unit capable of financing heavy development costs.

Proposed dividend: 0.65p per share equivalent to 1p per 10p Ordinary Share.

Forecast: Although the Company is inevitably affected by a slump in world coke prices and other adverse factors, it is now far better placed to withstand this difficult period.

Rise in American short-term loan rates predicted

From Our US Economics Correspondent
Washington, July 9
Mr Gabriel Hauge, chairman of the Manufacturers Hanover Trust, forecast today that American short-term interest rates would move up later this year. "The upward phase had not yet really started," he said. At present rates appeared to have reached a plateau, with the recent increase in the First National City Bank prime rate "largely an aberration to the general trend." Speaking at a press luncheon, Mr Hauge said the third quarter was likely to see real GNP growth in the United States, after possibly zero growth in the second quarter. The upswing, however, was likely to be slow and "because of inflationary dangers it was not desirable for the Administration to approve further fiscal and/or monetary stimulus." Commenting on the British economy, he said he came away from England after a meeting of his board of directors there last month with the impression "that there is a growing determination there to meet the serious problems."

How the markets moved

Rises	Falls
Allied Brew 1p to 69p	Barclays Bk 8p to 26p
Barby Leslie 4p to 44p	BK of NSW 10p to 61p
BP 8p to 54p	15p to 71p
EMI 8p to 18p	Courtauld 1p to 12p
Forminster 8p to 30p	First Nat Fin 21p to 41p
GEC 2p to 31p	GN 4p to 24p
Hastmores Ests 10p to 19p	Richardson Int 4p to 3p

Falls	
Barclays Bk	8p to 260p
Bk of NSW	10p to 610p
Broken Hill	15p to 710p
Courtside	1p to 127p
First Nat Fin	21p to 44p
GKN	4p to 236p
Hutchison Int	4p to 29p
Imperial Gr	21p to 66p
Lloyds Bk	7p to 21p
Midhurst	7p to 25p
Pilkington	6p to 21p
Union Fla	4p to 18p
Young, H	1p to 7p

SDR-S was 0.55655, while SDR-S was 1.22845 on Wednesday. Commodities: Sugar futures closed at the day's high, but cocoa was weak. Reuters commodity index closed at 1,096.1 (1,083.5 on Tuesday).

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THE POUND

	Bank	Bank
	buyers	sells
Australia \$	1.71	1.66
Belgium Fr	36.25	36.35
Canada \$	84.50	81.75
Denmark Kr	2.31	2.26
France Fr	12.55	12.15
Germany DM	8.18	7.83
Greece Dr	9.25	8.95
Hong Kong \$	5.49	5.20
Italy Lira	67.50	65.25
Japan Yen	11.10	10.75
Netherlands Gld	1455.00	1395.00
Norway Kr	67.50	65.00
Portugal Esc	5.60	5.40
S. Africa Rd	55.00	53.00
Spain Pes	126.00	121.00
Sweden Kr	9.05	8.75
Switzerland Fr	5.75	5.55
US \$	2.25	2.20
Yugoslavia Dnr	37.50	35.75

Rates for bank notes only, as supplied by Reuters. Travellers' cheques and currency business at different rates.

WANSBECK

AWARD WINNER RICS/TIMES CONSERVATION SCHEME PUBLIC SECTOR

JUST LOOK WHAT WANSBECK HAS TO OFFER Industrial Sites of all sizes—Special Development Area aid to developers—excellent communications—homes for all price brackets—superb leisure facilities.

Find out more from: Roy Nuttall, Chief Executive, Wansbeck District Council, Ashington, Northumberland (0670-814444).

Stronger recession forecast

There is little predicted change in the British economic outlook, with the only new forecasts in the past month coming from Hoare and Co Govett and Phillips and Drew. Both expect a slightly stronger recession this year.

Hoare and Co Govett is expecting a 0.3 per cent rise in gross domestic product this year compared with 0.4 per cent last month. Phillips and Drew predict a 0.1 per cent growth compared with a decline of 0.2 per cent last month, but much of this is attributable to a higher negative stockbuilding forecast and a smaller investment decline. Its consumption forecast is down slightly.

The striking feature for the second half of 1975 and the first half of 1976 is that the Treasury is more optimistic about export growth than the National Institute, presumably reflecting the greater publicized official commitment to export-led growth.

FORECASTS FOR THE BRITISH ECONOMY									
Percentage Increase	Year 1975/Year 1974					1st half 1975/2nd half 1974		Treasury (Apr)	
	Treasury (Apr)	NIESR (June)	LBS (Apr)	H (June)	H&G (July)	P&D (July)	Treasury (Apr)	NIESR (June)	
Consumption	1.8	2.2	2.3	0.6	0.9	0.9	1.7	1.1	
Private investment inc. housebuilding	-5.9	-7.4	-9.5	-8.0	-7.9	-7.5	-3.6	0.7	
Public investment inc. housebuilding	-1.2	5.6	-0.9	0.7	-1.9	1.9	5.1	0.2	
Public authorities consumption	4.9	4.8	4.8	2.4	4.4	3.0	3.7	3.0	
Exports	0.7	1.7	1.6	1.6	2.9	0.8	10.0	4.2	
Imports	-2.5	-1.4	0.3	-2.4	-4.8	-2.7	5.9	3.3	
Stockbuilding (£m)	-400	-540	-602	-170	-509	-300	-200	82	
Gross domestic product after adjustment to factor cost	1.4	1.6	0.9	0.3	0.3	0.1	2.5	3.0	
Inflation forecast	—	25.0	23.0	22.4	20.6	24.3	—	—	
Balance of payments current account deficit (£m) Year	—	2,801	2,180	2,400	1,089	1,750	—	2,776	

All forecasts are in constant prices, seasonally adjusted and at annual rates. The stockbuilding and balance of payments forecasts in the first half 1975/second half 1974 section are forecasts for the first half of 1975 multiplied by two. The forecasts by the Treasury, the NIESR and LBS are based on the assumption of unchanged policies. The forecasts by H. H&G and P&D assume changes in policy. For details readers should refer to original sources. Categories in different forecasts are not completely comparable, but differences are reflected in the results. The Treasury published its forecasts with the Financial Statement and Budget Report, which usually appears once a year. NIESR and LBS revise their forecasts every quarter. H, H&G and P&D revise their forecasts every month.

Car buying at three-year June low

New car sales in Britain last month were 100,644, the lowest June figure for three years. The importers, who sold 30,843 cars during the month saw their market share fall for the third consecutive month to 30.85 per cent. The first half registrations total of 653,336 was only 3.5 per cent lower than in the first six months of last year, but the accelerating slump in recent months indicates that the 1975 sales total will only just exceed the one million mark against 1,268,000 last year.

Although the importers' share was down in June, the total tends to mask the continuing success of the foreign car manufacturers in the United Kingdom.

Japanese sales were up almost

27 per cent compared with a year earlier at 8,539 and in the first six months jumped by 55 per cent on a year earlier to capture 8.63 per cent of the market. Imports of cars from EEC countries in the six months were up 11.3 per cent at 128,458 units while the home manufacturers' penetration of the depressed domestic market fell in the same period by more than 13 per cent on a year earlier.

The figures, released today by the Society of Motor Manufacturers and Traders, show that the Ford Escort and Cortina were top of the best selling list in June, followed by British Leyland's Marina, Allegro and Mini. The Datsun Sunny was seventh.

British Leyland's market

Alvis lay-offs add 1,200 to BLMC idle

By R. W. Shakespeare

British Leyland has run into more labour troubles to add to those which during the past two weeks have caused about £14.5m-worth of production losses in its car plants and made nearly 12,000 workers idle.

Yesterday production was also halted at the company's Alvis military vehicles division factory in Coventry, where about 1,200 more workers were laid off 48 hours before the start of their annual holidays.

The company blamed continuing disruption resulting from a work-to-rule which has been operated by 600 production workers for the past week. A management spokesman said the sanctions were seriously affecting output, including work on valuable export contracts.

The men are demanding a "substantial" pay increase and other improvements. Present pay averages about £70 a week. Meanwhile, problems in several Leyland car production centres continue and there seems little prospect that the 800 component workers at a BLMC-owned factory at Hemel Hempstead, whose strike is at the centre of the troubles, will call off their unofficial action when they hold a mass meeting today.

In a statement last night Leyland gave a warning that a continuation of the stoppage could have far reaching consequences and put many more jobs at risk. At Rugby, Smith's Industries announced yesterday that a further 94 workers are to be made redundant from July 25. There were 71 redundancies three months ago.

Peter Waymark writes, Mr Kjell Ovale, American owner of Jensen Motors, yesterday attacked union disruption at the company's West Bromwich factory. He claimed it was 10 times higher than it should be.

Tax blamed for halved colour TV sales

By David Young

Higher VAT on TV and radio is strikingly reflected in the latest figures issued by the British Radio Equipment Manufacturers' Association, which show that deliveries of colour sets in May were 53 per cent down on the same month a year ago.

Some 46,000 colour TV sets were delivered to customers bringing the total for the year to 740,000, a fall of 24 per cent compared with the previous 12 months. Of these 107,000 sets

were imported representing a 14 per cent share of the market compared with a 25 per cent share in the previous year.

The figures show that while sales of colour sets have fallen substantially this has had the effect of boosting sales of black and white sets with deliveries during May at 70,000, an increase of 9 per cent over May, 1974, when 64,000 black and white sets were delivered. Black and white sets delivered during the year totalled 367,000—2 per cent up on the previous 12 months.

The number of audio stereo systems delivered during May has been badly affected by the increase in VAT to 25 per cent, with deliveries at 38,000 compared with 53,000 in May 1974, a decrease of 28 per cent.

Deliveries of audio systems in the 12-month period were down by 5 per cent at 298,000. Radio deliveries for the 12-month period were down by 20 per cent to a total of 1,877,000 compared with 2,358,000 in the previous year.

CLARK & FENN

Turnover up 31%
Pre-tax profit up 37½%
Earnings per share up 26%

Trading. In spite of the difficult business climate, the year 1974 was another record one for the Company. Turnover increased by almost £23m, and profit before tax rose by 37½% to £977,000. A Final Dividend proposed of 1.2587p per share raises the total for the year to the maximum permitted. It is a source of much frustration to your Board that shareholders cannot benefit in a more tangible form from the success of their Company.

Future Developments. Your Board is interested in broadening the Group's base by acquiring profitable companies that are complementary to present activities. Prospects are constantly being studied for suitable opportunities.

Prospects. So far this year the Group has made an encouraging start but it would be imprudent to forecast the

results for the full year. We are concentrating our resources on improving efficiency and maintaining the tightest control over our liquidity position, which continues to be satisfactory. The Construction Industry must surely in the long term recover from its present malaise. Your Board is confident the group is geared to move forward in line with this recovery.

G. C. VANDERVELL, Chairman.

THE YEAR IN BRIEF		
	1974	1973
	£000	£000
Group turnover	11,368	8,638
Group profit before tax	977	711
Group profit after tax and minority interests	471	374
Earnings per share	8.54p	6.78p
Dividend per share	2.04p	1.87p

Copies of the full report may be obtained from The Secretary,
CLARK & FENN (HOLDINGS) LIMITED
Rectory Grove, London, SW4 0DU.
MANUFACTURERS OF ACOUSTIC AND OTHER BUILDING MATERIALS AND SPECIALIST CONTRACTORS.

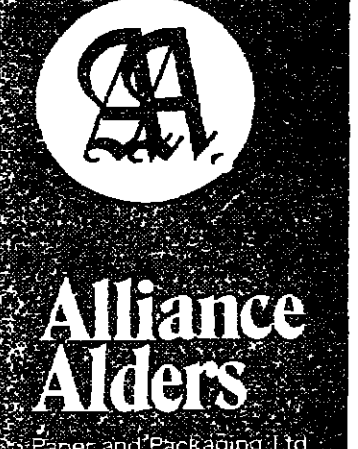
1975 Results

The following facts are taken from the preliminary announcement to Shareholders.

	Year ended 30.4.75	Year ended 30.4.74
	£	£
External Sales	19,635,000	14,568,000
Trading Profit and other income	2,301,604	2,014,114
Profit before tax	2,151,604	1,754,114
Profit after tax at 52% and Minority Interests attributable to Ordinary Shareholders	939,771	735,010
Earnings per Share	3.83p	3.12p
Total dividend (maximum under Council Inflation Programme)	1.15494p	1.06740p

Note
Trading
Despite recessionary trends in the second half year the Company's trade was well maintained at a satisfactory level, with record sales and profits for the year

The Report and Accounts will be posted to Shareholders on 15th August, and copies can be obtained from the Secretary, Alliance Alders Paper and Packaging Limited, Litchfield Road, Tamworth, Staffs.



Paper and Packaging Ltd

Measures soon to help textiles

Government measures to assist Britain's hard pressed textile industry are expected to be announced within the next few weeks.

Although the Prime Minister has ruled out the industry's appeal for a 20 per cent cut in the board of customs in imports of textiles and clothing, discussions are taking place with Mr Harold Lever, Chancellor of the Duchy of Lancaster, which are expected to lead to a package of alleviating measures.

Mr Wilson's suggestion that the industry could be encouraged to build up stocks has not attracted much support. It has been pointed out that in a fashion-orientated business, building up stocks could prove costly and counter-productive. Referring to the continued deterioration in the industry's level of activity since the beginning of this year, the Textile Statistics Bureau says that the spinning sector has been hardest hit.

At least 10 mills closed down permanently in the first four months of the year. There were about 7,000 fewer workers—8 per cent below August of last year.

Japan bank chief rules out economy boost

By R. W. Shakespeare

Mr Teichiro Moriguchi, the Bank of Japan governor, has ruled out the possibility of new measures to boost the economy at present. The effects of the steps taken so far by the government would gradually show through, he said.

Mr Moriguchi told a seminar for managers, sponsored by the Japan Productivity Centre, that industry should endure present hardships by eating into reserves accumulated during the past inflationary period.

Giant N Sea platform put into position

The world's most advanced offshore oil production platform was yesterday successfully lowered to its target area in the North Sea. The concrete platform, weighing 350,000 tons, is to begin production before the end of the year.

It will operate in the Beryl field, in British waters 95 miles south east of the Shetland islands.

Ecuador cuts petroleum price by 43 cents

Ecuador yesterday cut the base price of petroleum exported to Central America and the United States to \$10.41 a barrel from \$10.84, Señor Luis Salazar, Natural Resources Minister, said.

Tokyo steel mills plan

Japanese smaller steel mills, specializing in operating open hearth and electric furnaces, plan to form a recession cartel to reduce production of steel bars, the Open-Hearth and Electric Furnaces Ordinary Steel Council said.

Cement to cost more

Cement prices are to go up by an average of 3.9 per cent from Monday, the Cement Makers Federation said yesterday. The Price Commission has not objected to the 56p a tonne rises to meet increased costs.

Forced disclosure dangers outlined by ICI director

By Financial Staff

A warning of dangerous implications in the drive to force greater disclosure from companies was sounded yesterday by Mr Albert Frost, financial director of Imperial Chemical Industries. But he gave qualified support to a degree of greater disclosure.

Speaking at a conference on the Scope and Aims of Public Financial Reports organized by the Institute of Chartered Accountants he said: "The most dangerous implication of the drive for disclosure is that Government may exert pressure on a company to undertake unprofitable investments. This is a familiar experience of the nationalized industries; it leads to low morale and the inefficient use of resources, and blurs the responsibilities of the directors."

He said the whole approach to greater disclosure was based on fundamental misunderstandings about the reasons for capital investments and its effects. However, Mr Frost believed there was a case for more disclosure, but one based on selectivity and common sense.

He also attacked the practice of profits forecasts and suggested that there should be more frequent publication of accounts, perhaps at quarterly intervals, and without such long delays as normal.

Business Diary, page 21

Business appointments

Amalgamated Investment names new chief executive

Mr Peter V. Olberg has been made chief executive and managing director of Amalgamated Investment & Property Co in succession to the late Mr Gabriel Harrison.

Mr Gordon Cartwright, a director of Reed International, has become director of corporate strategy. He will be assisted by Mr John Chandler, who will succeed Mr David Powell-Jones as director of planning. Mr Powell-Jones has been made chief executive of IPC Properties.

Mr Dick Morris, former managing director of International Publishing Corporation, will succeed Mr Cartwright as managing director of Reed International.

Mr R. A. E. Franklin and Mr I. L. Sprouker have resigned from the board of Keyser Ullmann Holdings and Keyser Ullmann. Mr Franklin has joined the board of Cavenham and the board of Anglo-Continental as deputy chairman and joint managing director. Mr Sprouker has become assistant managing director of Tarmac International.

Mr A. R. Houseman is to be chairman of W. Canning. Mr J. R. Houseman has been made joint managing director of Grovewood Securities. He remains managing director of The Assurance Group.

Mr Anthony P. Capper has been made deputy managing director of Capper-Neill.

Mr Geoffrey Wallbur is joining The Plessey Company as managing director of the Plessey Marine

LETTERS TO THE EDITOR

Revenue's inefficiency: another case to answer

From Captain S. W. Roskill, R.N. (ret.)

Sir, Sir Norman Price writes (July 7) that he would be "surprised if your readers thought that this particular allegation (of 'monstrous behaviour' by the Revenue referred to by Mr Holder on June 27) was borne out by their own experience". Perhaps my recent experience may mitigate his surprise.

I am a "senior citizen" and a war pensioner (90 per cent disability). When I received my income tax assessment for 1973-74 with demand note attached on January 13, 1975, I at once sent it on to my accountant who found the assessment incorrect and lodged an appeal with the inspector. On March 14 I received a final demand for the tax allegedly due in the form of threats to distraint on my house and possessions. I wrote at once to the collector in strong terms to protest against this harassment when the sum due was still under appeal. I received a polite and semi-apologetic letter in reply which made it plain that the collector and the inspector, though in adjacent offices, were evidently completely out of touch with each other.

Personal details of taxpayers

are not known to this office," wrote the collector. He ended with the comforting assurance that "no further communications will be issued from this office until instructions are received from H.M. Inspector advising that the tax is payable".

Why, I asked myself, could this addition not have been established before the final demand was issued? My accountant reported that "lack of communication between the inspector and collector is the continuing source of trouble so far as we are concerned", and that others of his clients had received final demands when an assessment was still under appeal.

If "monstrous behaviour" is rather too strong a description of this sort of inefficiency it does surely suggest a sphere in which Sir Norman might endeavour to improve the administrative work of the department, save both it and the taxpayer a great deal of trouble, and reduce the resentment sometimes felt by the latter.

Yours faithfully,
S. W. ROSKILL
Frostlake Cottage,
Malden Lane,
Cambridge,
July 7.

Myth of subsidy for car users

From Mr R. E. Phillipson

Sir, Mr Clark claims (June 18) that "private motorists meet few of the externalities they impose on other members of society" and that "public transport subsidies are designed in part to minimize total resources expended". The myth of the hidden subsidy to car users has been exploded time and again. The Road Track Costs report showed that whichever way the arithmetic was done, road users at a whole paid getting on for twice as much in tax as the costs they imposed in terms of road construction and maintenance, cleansing, lighting, policing, administration and accidents, leaving only noise and fumes which are in any case subject to regulation to be covered by the surplus.

The ratio between tax paid and cost imposed varies between groups of road user with private cars and light vans heading the list, but no class of user pays less than the costs it imposes.

On his second point, a case may certainly be made for subsidizing individual services either to provide a basic service on social grounds to an area or group which would not otherwise support it (eg. rural bus services, OAP passes) or where its introduction will genuinely attract sufficient traffic to render other expenditure unnecessary. But the former decision is a social decision, and the latter must have a quantifiable transport effect, and neither condition appears to be met by the current levels and allocation of subsidy. British Rail alone will receive at least £500m this year (after having its capital cost written down to a nominal £250m and being relieved of all taxes except 1p per gallon

on its fuel), and this will neither help the poor rail user nor help the progressive with income-tax isolated communities, nor will it attract a fraction of the growth expected in road traffic.

Yours faithfully,
R. E. PHILLIPSON,
Director,
British Road Federation
26 Manchester Square,
London W1,
July 2.

From Mr D. G. Lindsay

Sir, The chairman of the National Freight Corporation is undoubtedly right to blame the car rather than the "juggernaut" lorry for today's traffic problems (as reported by you on June 20), but he is wrong to suggest that the remedy is discriminatory penalties against the wretched motorist.

The real culprit is, of course, the passenger-carrying industry whose enterprise in making effective use of the new road system seems to have lagged so conspicuously far behind that of their freight-carrying colleagues. Thus, hundreds of thousands of workers employed at the office and industrial developments that have sprung up on or near these new roads still have no alternative to the private car for getting them to work.

Driving daily to the office is an expensive (upwards of £1,200 p.a.) to be found out of after-tax income and joyless business. I, for one, would far prefer the least costly leisure of a bus or coach trip, with the bonus of reading my Times before getting to work.

Yours faithfully,
D. G. LINDSAY,
8 Swanston Field,
Whitchurch-on-Thames,
Oxon.

A worrying anomaly in trust laws

From Mr Colin Prestige

Sir, Mr Alexander draws attention (June 26) to an unexplained point, surely welcome to the taxpayer, in the legal relating to distributions of capital from discreet trusts before March 13, 1974.

May 1, however, drew attention to a serious anomaly requires rectification. White had created a discretionary settlement before March 27, 1974, distributions of capital made before April 1 are taxed at a concessional rate; this rate is only one-tenth of the full rate. A final distribution is made on April 1, 1976.

But if Mr Black had died March 27, 1974, creating a discretionary trust by his will, there is no similar rate on distributions of capital to the beneficiaries under will.

Mr Black himself obviously has had the opportunity to change his will, others similarly placed who during the long period between the Chancellor's announcement on March 1974, and the final enactment of the Finance Act of 1975, may well have found it difficult to know what actions they should have taken to their wills. Thus a transfer tax is payable on distributions in addition to duty.

It would be appropriate to amend paragraph 14 of the Finance Act of 1975, so that the full rate applies to distributions in addition to duty.

Yours faithfully,
COLIN PRESTIGE,
Lawrence, Graham & Co
6 New Square,
Lincoln's Inn,
London, WC2,
July 1.

Office rents and rating

From Mr P. D. Henderson

Sir, The situation is now encountered where some rentals in London are higher than their value in 1972.

This has important implications on rating where the assessment to the gross is that the rental value of property is adjusted to conform with the statutory definition not to exceed its 1972 value.

Where the present rental value is lower than the 1972 value there are grounds for obtaining a reduction rating assessment.

The unprecedented situation is now being encountered in the assessment in the valuation list which came into force in 1973 was original correct but is now too high.

As rental values continue to fall, the implication of this local authority finance situation is serious.

Yours faithfully,
P. D. HENDERSON,
Botolph House,
10 Eastcheap, EC3,
July 2.



TEACHER (DISTILLERS) LIMITED

The following are the salient points from the Statement of the Chairman, Mr Adam K. Bergius, for the year ended 31st January, 1975:—

TURNOVER, PROFITS & DIVIDENDS Group turnover, including U.K. Duty, rose from £39.2m. to £48.1m. Profit for the year amounted to £1.81m. before taxation compared with £1.68m. in the previous year and included a profit of £394,300 arising from the sale of surplus whisky stocks. The total Ordinary Dividend was maintained at 8.2154p. per share.

MARKETS Home sales showed a 16% increase in spite of the continuing effects of the bottle shortage and the miners' strike in the early part of the year. Overseas, Export despatches were up 8% with important gains being made in Japan, Canada, France, West Germany and on the African continent.

The U.S.A. market remained soft, the main feature being the swing to "Bottled in U.S.A." brands which is actively encouraged by the U.S. Import Duty discrimination in favour of exports in bulk. In view of the loss to this country in the shipment of bottles and ancillary materials, it is hoped that the Government will support our efforts to correct this anomaly.

GENERAL The restrictions of the Price Code have prevented the industry from securing realistic price increases in the U.K. market. This in turn has delayed a price increase overseas as too great a disparity between Home and Export prices encourages U.K. wholesalers to enter the Export Trade and, with no responsibility for advertising and thereby disrupting the orderly handling of these markets. Rising costs and a high rate of inflation continue the erosion of profit margins and this is greatly exacerbated by the burden of financing the collection of Excise Duty during the normal credit period given to the 59p. per bottle (64p. including V.A.T.) last April but, in spite of strong representations by the Company to the Chancellor pointing out the damaging effects of there being no Credit period for the payment of Duty, this archaic method of collection still remains.

During the year £1m. was spent on the development of Ardmore Distillery to double capacity and investment in Stocks rose from £10.5m. to £14.0m., of which £11.5m. was accounted for by whisky stocks valued on a replacement basis by two leading whisky brokers at £23.5m.

Copies of the Report and Accounts containing the Chairman's Statement in full can be had upon request to: The Secretary, Teacher (Distillers) Limited, 14 St. Enoch Square, Glasgow G1 4BB.

BY THE FINANCIAL EDITOR

Refinancing Alfred Herbert



Mr. J. W. Buckley, acting chairman of Alfred Herbert: large proportion of government aid to be provided as equity finance.

Jobbers

Bisgood's caution

Bisgood, Bishop's profit downturn for the year to the end of April, echoes Wedd Durrant's performance rather than Akroyd & Smith's, reiterating the point that jobbing in equities has been a great deal more difficult than in gilts. But in contrast to Wedd, Akroyd and Smith Bros, Bisgood is far from enthusiastic about the present year for the upturn in the market. Its point is that lack of stability does not make for profitable jobbing, given the virtual impossibility of keeping a reasonably balanced book and at the same time maintaining a competitive market. So although business picked up in the final quarter, it was not enough to prevent the full year turnover falling by close on a fifth.

Here Bisgood is again in contrast to Wedd, which kept turnover moving ahead well. But Bisgood has at least proved relatively successful in curtailing expenses, and hence in retaining the profit downturn to no more than 8 per cent. Net current assets have been trimmed back slightly, and, counting purchases since the year end, all of the £564,000 outstanding loan stocks have now been bought in. So interest receivable is up from £119,000 to £164,000.

For all its relatively cautious view, however, Bisgood is again beginning to take an expansionist view and has recently added breweries to the traditional list of engineering, electrical and motor stocks in which it jobs.

Final: 1974-75 (1973-74)
Sales £1,050m (£940m)
Pre-tax profits £1,640m (£1,950m)
Earnings per share 6.5p (23.3p)
Dividend gross 7.95p (7.18p)

International Timber

Profits are mauled

The preliminary statement from International Timber contrasts with the mild optimism expressed by Southern-Evans earlier this week. Meanwhile, pre-tax profits, sliding into a £700,000 plus loss in the second half of the year have taken more of a mauling, it appears, than many other groups in the timber sector. Volume dropped by around a third across the board, provisions for stock losses amounted for some £2m, while

interest charges, in the wake of a rise in bank borrowings from £14.5m to nearly £20m jumped from 11m to £27.5m. The group's largest division, timber and builders' merchant, not surprisingly, showed a drop in trade profits from £6.2m to £1.4m as prices and volume deteriorated in the second half, but what was aggravated, an already unfavourable trading situation, by the emergence of losses in a number of other sections. Building products turned in a loss of £940,000, and the European side, after a promising first half, went into reverse, admittedly after some £455,000 financing charges.

According to IT there is little sign of improvement in the first half of this year, with contract flooring still in the red, although Holland and Belgium might be expected to improve later in the year ahead of the United Kingdom. The timing of recovery here is largely dependent on an upturn in the building cycle that has not, as yet, filtered through to groups like IT. Meanwhile, the balance sheet shows present liabilities cut right back to £16.4m as against £28.8m reflecting a sharp fall in creditors financed by short-term borrowings.

If that looks like odd strategy, the situation has improved since the year-end and the group is happy about its stock position. But the shares yield just over 9 per cent at 87p after a 5p fall yesterday and are on a par with Bambergers, which has arguably shown more resilience in the face of the downturn in trading conditions.

Final: 1974-75 (1973-74)
Capitalization £11.6m
Sales £1,050m (£940m)
Pre-tax profits £1,640m (£1,950m)
Earnings per share 6.5p (23.3p)
Dividend gross 7.95p (7.18p)

Concrete

A useful yield

Concrete's shares rose a modest 3p to 41p despite a more than 11 times improvement in second-half profits—which makes last year's total profits back to levels not seen since 1971—but stock market enthusiasm is, of course, attenuated by general building industry prospects.

That said, Concrete has apparently maintained profits at last year's overall improved level in the first quarter and the order book for framed buildings runs well ahead. Thus, though new orders are falling off somewhat, the momentum should be maintained throughout this year and even the always relatively short order book on flooring should see Concrete through until then, too.

What lay behind last year's dramatic profits improvement was the final elimination of fixed-price contracts taken several years previously for local authority housing work. Concrete now are just about covered for inflation. Moreover, the proposed rationalization of systems building and other work into two instead of three main factories should further cut costs substantially, as well as providing capital profits on asset disposal in the current year. Arguably the historic p/e ratio of 7.6 is abreast of Concrete's uncertain medium-term prospects, but the yield of 10.8 per cent (with fairly substantial dividend cover now restored) provides a useful prop.

Final: 1974-75 (1973-74)
Capitalization £3.8m
Sales £29.4m (£24.7m)
Pre-tax profits £1,050m (£0.20m)
Earnings per share 5.4p (1.4p)
Dividend gross 4.45p (4.0p)

How the film industry could learn to love the Prime Minister

When the young Harold Wilson grew a moustache in the late forties so that he would not look too callow as the new President of the Board of Trade, one of his policy strokes was to set up a film rolling fund to keep on its feet the investment-starved United Kingdom film industry.

Ever since, the story of the indigenous film makers has been increasingly like a Pearl White serial, with patches of euphoria interspersed with cliff-hanger moments, as troubles—mostly the inroads of television—have mounted.

It would be hard to imagine a more nail-biting situation than that in which the industry at present finds itself. Of last year's 64 British films none was among the world's top ten profit makers. Then—drama at the box office—EMI's *Murder on the Orient Express*, based on the Agatha Christie classic, set the 1975 profit scene in Britain alight.

It was the first British film ever to top the list of dollar earners on the American cinema circuit. It is now expected to gross £19m worldwide, the most successful wholly British-financed film.

But United Kingdom studio production has been shrivelling, leaving only one major home production unit—Rank's Pinewood Studios—still fully staffed and equipped. While cinema admissions in some countries have lately been showing increases ranging from 50 per cent to 100 per cent—as in Canada and Australia—the United Kingdom figures were showing at best a near 10 per cent increase until the recent well of hot weather predictably whittled them down again.

But a new episode in the continuing story of the British industry seems to have opened. The Prime Minister, for one, shows signs of riding out the hero's rescue yet again. After getting the message in the briefcase of industry leaders, to a Number 10 dinner party to talk about their troubles he is setting up a committee for the industry to make recommendations.

Then earlier this week a brisk Nat Cohen, chairman and chief executive of EMI Film Distributors, who has been involved in the British industry for best part of a quarter of a century, was banging the drum about his company's "shot in the arm for British films". Their £6m 10-production film investment for the next 12 months another Christie-Bunt cost at least as much as the £13m *Orient Express* and produced by the same team.

The Prime Minister and the industry's leaders face a situation very different from that of 25 years ago. Then the cream of the two dozen or so British studios which thrived in the cinema boom of the forties were still in existence.

The mini-boom of the sixties when the Americans moved to England attracted not a little by the bonus of picking up British Film Fund money on the Eady Levy on seat sales—was still to come.

Now, of three studios ostensibly left in Britain, Shepperton exists strictly on a "four walls" basis. Ken Russell recently made most of his new film *Lesbianism* there, bringing in everything from props to technicians to do the job.

When Barry Spinkings and Michael Dealey were arranging their takeover of British Lion film production and distribution from the parent Lion International they were at pains to emphasize their lack of interest in the 60-acre Shepperton studios.

This promising team is at present involved, with some backing from the National Film Finance Corporation, in what is now the current mode of film



Shepperton Studios: the famous film-making centre now operates only on the "four walls" principle, with production requirements being brought in from elsewhere.

making—on location in New Mexico.

EMI's Elstree studio, started in 1913 and the scene of the first British talkie, Alfred Hitchcock's *Blackmail*, earlier this year had its staff cut to 48, compared with 500 less than two years ago.

Andrew Mitchell, Elstree's managing director, claims that the studios are on a better footing than merely four walls, and certainly EMI's latest plans will, with five productions, put a fair amount of work in their way. The new Christie will be largely studio-made.

Alan Sapper, secretary of the Cinematograph, Television and Allied Technicians, who has been highly critical of the cut-backs at Shepperton and Elstree, sees EMI's latest plans

as a cause for celebration. But he wants more positive Government intervention in the industry, on the theory that where a film exports a country's culture trade is sure to follow.

He feels that the Central Office of Information—“scandalously neglected by successive governments”—should be given increased scope to produce film, television and other audio-visual material.

He also believes that the National Film Finance Corporation, at present operating under a scaled-down Government grant and banking consortium backing, ought to have something like £10m to play with instead of the present £250,000.

NFFC's managing director, John Terry, said: “The best we can hope for probably is £2m, a balance involved at the time of the scaling down. But some arrangement should be made where we get a regular grant of say £1m. The industry does, after all, produce a lot of invisible earnings and needs an element of subsidy, although if we got it we wouldn't necessarily lose that amount in a year.”

Although NFFC effectively acts as banker of last resort, Mr Terry says the accounts for the present year—due out in a few weeks—are “much better than one would have expected”. One investment in the £100,000 category was apparently a disaster, but that has been more than covered by profits on an investment in EMI's pop musical success, *Starburst*.

NFFC will administer the extra £200,000 which, subject to legislation, is due to come out of British Film Fund levy money for pre-production “seed” financing and script preparation. Government acceptance of this plan was the financial upshot of the Number 10 dinner.

Mr Terry is probably right when he claims that more money for NFFC, which could well be the end result of the

As one 'intelligent person' to another...

In my childhood I was told that even wise men made mistakes, but that they did not make the same mistakes twice. This may remain a valid generalization about individual behaviour; but it certainly does not apply with any empirically discernible force to group or collective behaviour.

The one absolutely certain thing about collectivities, be they committees, trade unions or indeed Cabinets, is that, however wise their constituent members, they will make the same mistake again and again. Moreover, any suggestion that the mistakes should not be repeated is greeted with howls of derision, accusations of eccentricity and immunities of corrupt motives bordering upon treason.

So it is in the matter of incomes policies. As my esteemed colleague, Mr Bernard Levin, put it on Tuesday: “Every intelligent person... has always known that a statutory income policy would sooner or later be introduced by this Government and... when, with or without another performance by Solomon Binding, Mr Wilson introduces a statutory income policy, we must recognize that he has thereby done something that needed doing and must be supported.”

Mr Levin's immediate concern was to sound a warning against the dangers of another “faked, fudged, fiddled, fraudulent, voluntary agreement which, as the ‘social contract’ farce did, and the solemn and binding promise” circus did before it, would allow us to proceed with ever-increasing speed towards ruin while, by bearing its false witness of reassurance, it would make the action that is needed much harder for the politicians who govern us to take.”

In other words any non-traitorous fool could see that a statutory incomes policy is indispensible to national survival. This is odd, because the nation has passed through five previous statutory incomes policy cycles, of which the last two were statutory; and the nation has not been saved, though it has more or less survived, as in some minimal sense it will not doubt continue to do. This experience of successive failures was well analysed in a brilliant pamphlet by Sir Richard Clarke, whose very recent death is so deeply mourned by all those who value vigorous and original contributions to the theory and practice of economic management.

Sir Richard wrote in 1973, in a research report entitled *Incomes Policy in Phase Four*, that “one of these occasions (when incomes policies were adopted), neither in 1945 nor in 1961 nor 1966 nor 1971, did the government of the time embark upon this course with enthusiasm or for any other reason but the lack of any credible alternative, and in each case, without the freezes, the situation might have become very much worse.”

Sir Richard, who had no ideological prejudices against interventionist policies if they would work, concluded that the unbroken record of four consecutive failures is not an encouraging state of affairs for those who advocate incomes policy as a means of avoiding the intractable dilemma of how to achieve simultaneously economic growth, full employment and a stable value of money at home and abroad.

He served with characteristic restraint and economy, that “the prospects for success in (the then germinating) Phase Three along what might be called conventional lines cannot be relied upon.”

We now have the benefit of knowing the outcome of that fifth and most disastrous of all the postwar incomes policy cycles. Not only did money earnings and prices rise several-fold faster than in any previous incomes policy cycle; but for the first time people became seriously alarmed that the country was becoming ungovernable under the strain of the massively extended interface between government and governed which central direction of personal incomes inevitably involves.

How, then, it is that Mr Levin's “every intelligent person” and his “all those with a country's interests at heart” can seem regarding it as obvious that a statutory incomes policy is the indispensable ingredient of any programme of national regeneration? There is, of course, always the argument that if sixth may, although at the very least one would expect the intelligent person's confidence to diminish with each extra vain dose.

There is also the argument that all the past failures were due to avoidable or unrepeatable misfortunes: to the Korean War in 1950, to the effects of Suez in 1957, to the betrayal of Mr Salwyn Lloyd by his Prime Minister in July, 1962, to the cowardice of Mr

Peter Jay
Economics Editor

Wilson in 1969 and to the combined beastliness of the Arabs and the miners in the winter of 1973-74. Yet, again, the intelligent person may begin to ask himself questions about sovereign remedies which are so accident-prone.

There can, of course, be no certainty that it will not work this time, any more than there can be certainty that the sun will rise tomorrow or that the miners will not welcome £6 a week with prolonged revolting and hymns of heartfelt praise to the bounteous Mr Healey. But what is disturbing is precisely the risk that a statutory cork in the barrel of the gun “by bearing its false witness of reassurance, would make the action that is needed much harder for the politicians who govern us to take.”

For the action that is needed is an adamant refusal to print more money and to inject more monetary spending power into the economy than the real increase in output warrants. Yesterday's revelation that the Treasury is forcing the Post Office to live with the consequences of its own budgeting errors and cut its costs and raise its revenue sufficiently to keep within its originally budgeted cash deficit is an encouraging sign that it is rare in the management of the public sector.

The acid test of the White Paper tomorrow, whatever it may say about the levels and forms of pay restraint, is whether it offers reassurance that what is being done to the Post Office will be done impartially and unflinchingly to the whole of the public sector. If it does, then the degree of pay restraint will be interesting only as it affects the speed with which price behaviour adjusts to the new non-inflationary conditions; and the form of the pay restraint will be interesting only as it affects the extent to which confrontation between government and citizen is to be extended into every factory, office and other place of work.

If it does not—or if it does, but only to be falsified by re-inflationary government policies next winter—then say au revoir to prosperity for the rest of this decade and adieu to government by consent. For, that would indeed be to fire the corked barrel at the Cabinet's own head, a practice which is universally and wisely discouraged by “every intelligent person... with this country's interests at heart.”

Business Diary: Chrysler's Riccardo • Keyser's withdrawals

any are the rumours running through the American motor industry in explanation of the seemingly sudden and unexpected retirement of Sir John Joseph Riccardo, as chairman of Chrysler Corporation.

Many car men just cannot believe that Townsend told us to retire without any assurance from his board. Chrysler, after all, has had big losses in recent years and is still in trouble.

There was “no conspiracy at all”, according to Gabriel Auge, head of the Manufacturers Hanover Trust and a Chrysler director. The Chrysler chairman returned from his holiday in Hawaii last month and told the board that he wanted to retire—and it was as simple as that, Range said.

The transfer of power, meanwhile, looks like being smooth, though there are likely to be some tough decisions from Townsend's hard-nosed successor, John Joseph Riccardo, as the company's resident, as Townsend's chief deputy.

Riccardo, an accountant, is regarded as a hard man, unlikely to take kindly to any further messing about at Chrysler's British operation. He is closely watched recent developments here and has not been too pleased at what he has seen.

The appointment to the job made a use of his previous or Riccardo who was at the end of last week.

The new company president, Eugene Caffero, a 49-year-old engineer, who is regarded as much in the Riccardo mould, Townsend's style, by contrast, was quieter and softer. Things may start changing in Detroit.



The departure of Ian Stoutzker (left) and Roland Franklin (right) from the joint managing directorship of Keyser Ullmann in the wake of former chairman, Edward du Cam (centre), marks a clean sweep of the key directors who had been involved in the bank's ill-fated plunge into the property world.

Franklin has been involved in Keyser for no less than five generations, Roland representing the fourth, and his son, Vivian, who is still with the

bank, the fifth. The family was one of three to have founded the bank in 1868, though for much of the time since then it remained a fairly unambitious concern, more truly resembling a discount house than a merchant bank, until the merger of the Keyser and Ullmann operations in 1933. Roland's father ran the bank until 1962, when it went public.

The period of real expansion, however, has coincided with the managing directorship of Roland, who has been with the bank for all of his 27-year working life.

It was during this period that Ian Stoutzker, who is connected to another great Jewish banking family, the Montagus, emerged at senior level, cementing the connexion with the bank by a marriage through which he became Franklin's brother-in-law.

Stoutzker, who has been with the bank since 1956, is a talented violinist and chairman of the New Philharmonia Orchestra.

The photograph was taken in happier times.

No new appointments have been made for five years. Of the remaining members living a number seldom think it worth while to attend its meetings—such as Eugene Caffero, chairman of Monedison, Professor Giuseppe Penrill, chairman of IRI, and Raffaele Vanni, Secretary of the trade union confederation UIL.

The council is meant to be a kind of economic privy council, advising the Government and Parliament on big economic and labour issues. Article 99 of the constitution even gives it power to initiate legislation before Parliament. Its members include leading representatives of both employers and employees.

The council ought to have a key role in national economic planning but, with the force of inertia typical of many public bodies, its decreasing number of members go on holding meetings which are less and less relevant to national life. Last year Ugo La Malfa, the Republican Party leader, called for the winding-up of the council as one of the many Italian public bodies which eat up public funds but do little useful work.

Recently, however, a move has been gaining ground to reform the council and make it do something useful. Giulio Andreotti, the Budget Minister, suggested in Parliament last March that it should be enlarged to include representatives of the regional governments.

Now, after a series of preparatory meetings, the council is to discuss proposals for its future role.

Italy's National Council for the Economy and Labour is in danger of going the way of all flesh, unless a series of meetings now under way succeed in giving it new life. A quarter of its 80 members have died in harness, including the president, the Christian Democrat politician Pietro Campilli.

2,500,000 bananas to Iran, where the Shah has ordered that each schoolchild shall eat some fruit every day.

Fading away

Italy's National Council for the Economy and Labour is in danger of going the way of all flesh, unless a series of meetings now under way succeed in giving it new life. A quarter of its 80 members have died in harness, including the president, the Christian Democrat politician Pietro Campilli.

£100 lunch

Guests of Edmund Vestey on board his group's new ship, the Andalusia Star, will this week undoubtedly be eating lunch costing about £100 a head, a sum hardly merited by the cold, bland, prepared by the ship's company, excellent though it is.

What happened is that Smiths Dock, Teesside, delivered the 10,000-ton vessel a fortnight

earlier for a charter voyage from South America to the Middle East and Vestey decided to use part of the time by bringing her up to the Pool of London to entertain about 100 guests on board over a three-day period. Shortly after she arrived on Tuesday the South American charterer cabled urgently asking for immediate delivery of the ship, giving an extra three-day charter at around £3,000 a day. Too late: the ship was in the pool and the first guests on their way.

The ship's first job incidentally will be to carry about

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FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Further heavy buying exhausts long tap

Heavy trading in gilt-edged stocks again provided the chief feature of the stock markets. The exhaustion of the long-tap stock confirmed the weight of investment at this end of the market over the past three trading sessions. Equities remained unsure of themselves. Share prices forged ahead at first, in anticipation of TUC support for the Government's voluntary wages policy. But when the TUC General Council accorded only a moderate majority vote to voluntary pay proposals, the City thought again. Nor was stock market confidence in prospects for damp-

The long-tap "tap", Treasury 124 per cent, 1995, was exhausted by mid-morning. Demand continued strong at the longer end for the remainder of the session. Gains on the day were commonly of the order of 1 or 2 points. Most stocks closed at their best levels or only a shade beneath them. Dealers described turnover as very heavy, with fresh institutional buying outweighing considerable profit-taking. "Shorts" were quieter and less confident. After gaining 1 point early on in the session selling developed and most stocks closed unchanged or a little easier on the day.

Lack of turnover remained the major problem in the equity market. The day's recorded bargains of 5.17 were barely that of a "viable" market. But the turnover by value recorded on Tuesday was £54m, a substantial increase on previous sessions, as well as an indication that some bargains were of a considerable size.

However, with jobbers' books still tight, and the major investment institutions clearly committed heavily in the gilt-edged market, shares moved sharply yesterday.

As so often in recent weeks, it was the market leaders that saw most of the activity. Shares

in ICI touched 275p during the morning, but ran back later to the session at 273p, a net rise of only 3p. Others in the same boat were Glaxo, finally below the best at 360p, Beecham, unchanged at 291p after 296p, Unilever, 4p up at 386p, and Fisons also below their best.

Engineering shares, also firm at first, turned uneasy in late

dealings after the news, first of the fate of Alfred Herbert, and then of the CBI pay proposals. Shares in A. Herbert themselves put on 2p to 71p.

Hawker Siddeley touched 276p, but closed at 270p, a net rise of only 6p. GKN were finally 4p higher at 236p, Tubes 2p down at 265p and Metal Box 5p off at 259p.

The banking sector had a busy day. The secondary banks did well on the news that Bowmaker, a prominent member of the list, is now able to do without the support of the "lifeboat" group. CT Bowring, mainstay of the group, rose to 60p, and others to move higher on this pitch included United Dominions Trust, Mercantile Credit, and Lloyds & Scott's. Shares in Keyser Ullmann

Latest dividends

Company (and par values)	Ord div	Year ago	Pay date	Year's total	Prev year
Alliance Alders (10p) Fin	0.71	0.68	17/9	1.15	1.08
Anglo-Amers Secs (25p) Int	1.02	0.77	22/8	1.15	1.08
Assoc Leisure (5p) Fin	0.93	0.93	—	1.975	1.975
Assoc Newspapers (25p) Fin	2.82	2.67	—	4.3	4.05
Birm Fallet Gp (10p) Int	1.5	1.5	22/8	4.7	4.7
Bristol Evening Post (25p) Fin	2.07	1.96	29/8	2.82	2.61
Crested Ind (5p)	3.97	2.68	—	4.72	4.43
Concrete (25p) Fin	3.54	3.32	8/8	3.54	3.32
Int Timber (25p) Fin	1.88	2.68	29/8	2.89	2.68
Jacksons Bourne End (25p) Fin	2.92	2.92	—	5.17	4.81
Krogs (10p) Int	1.84	1.63	—	2.89	2.68
Morgan Edwards (10p) Fin	0.81	0.67	4/8	1.56	1.56
Progressive Secs Inv (25p) Fin	1.57	1.51	—	2.39	2.25
Geo Salter (10p) Int	3.0	2.5	—	4.5	3.75
Geo Salter (10p) Int	11.95	10.95	—	15.2	15.2
John Waddington (25p) Fin	4.15	3.82	—	5.17	4.81

Dividends in this table are shown net of tax in pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross, multiply the net dividend by 1.54. \$ For 44 weeks. † Adjusted for scrip. ‡ Increase to reduce disparity.

Associated Newspapers pulls out of fall as year goes by

By Desmond Quigley
Associated Newspapers' annual results far outstripped market expectations with profits up to £16m better than many analysts' forecasts.

Although group profits dipped by £1.13m to £8.22m, the shares were already trading weakly in anticipation of poorer results. They duly so put on 7 1/2 to 9 1/2p when pessimists were confounded.

The preliminary results for the year to the end of March show that the first half decline was arrested in the latter six months. This was due entirely to a near doubling to £1.37m in investment income (which was, in any case, well up in the first six months) compared with the same period in 1974.

Investment income for the full year contributed £2.1m to overall profits, compared with £824,000 the previous year. It now accounts for 25.5 per cent of profits as against only 8.8 per cent.

Trading profits dropped nearly £2m to £4.74m, although the decline slackened in the second half in relation to the previous year. It made a contribution of £2.7m as against £2.76m after a first half performance of £2.47m compared with £3.95m. The trading activities encompass the group's newspaper interests including the Daily Mail and the London Evening News.

The trading side accounts for just under 58 per cent of total profits compared with 50 per cent the previous year. Associated Newspapers continued to decline the second half to give a year total of £1.38m, £527,000.

A final gross dividend of 4.34p is recommended, a 3.99p, to give a total of £1.38m, compared with 5.96p. But the share is 11.8p, from 16.5p.

The results for 1974 have amended to give effect prior year adjustments on Sea exploration. This has resulted in a £245,000 gain in trading profit and a cut in tax.

Waddington sprints in second half

A 55 per cent leap in second-half pre-tax profits is the good news from John Waddington, the Leeds-based printing publisher, which cut profits by 30 per cent in the second half of 1974-75. The profits came from a turnover up from £19.8m to a record £26.6m, and after tax the attributable profit is £1.08m, against £918,000.

The stock market was impressed by the result and the "A" shares duly rose 19p to 100p. The company is back on a growth track after a period of three years, the week which cut profits by 30 per cent in the second half of 1974-75. The profits came from a turnover up from £19.8m to a record £26.6m, and after tax the attributable profit is £1.08m, against £918,000.

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Slower pace from Alliance Alders Paper

The deteriorating position noted at halfway by Alliance Alders Paper & Packaging is borne out by the full result for the year to April 30.

In total, pre-tax profits grew by more than 22 per cent to a record £12.5m, but a 13 per cent second-half advance compares with one of about one third in the first half. The company regards trading as "satisfactory" in the face of recessionary trends with sales of £19.6m against £14.6m at record levels.

The total dividend goes up from 1.59p to 1.74p and earnings per share from 3.19p to 3.83p. The company says the value of land and buildings disclosed by last year's valuation has been incorporated in the accounts. It results in a net asset value of 47p a share.

1972-73 they were £12.8m and the year before a record £14.3m. Teddington Autocontrols wiped out heavy losses as part of a sweeping internal reorganization. UG passed the interim dividend and now declares a token final of 0.25p net a share or 0.385p gross. The previous year there was only a 1p a share gross interim. The directors cannot forecast the current year, but one weak spot last year, with big losses—Berry Magico—should break even on trading this year.

Shareholders are to get a total dividend raised from an adjusted 3.86p to 4.31p, the maximum, but the board wanted to pay more.

The bulk of the improvement came over the final six months with profits 43 per cent higher at £6,400. Earnings a share increased to 12.5p, with net assets reaching 48.5p (31.8p).

In the first three months of 1975-76, turnover and profits are ahead by 20 per cent and the aim is to maintain this level, at least for the first half, and to restore civil engineering's contribution.

Rousing finish by Braby Leslie

In spite of difficult trading for some of its civil engineering subsidiaries pre-tax profits of Braby Leslie (formerly Economic Group), advanced by 24 per cent to a record £1.05m in the year to March 31. Only in Scotland did the civil engineering operations make a profit.

Shareholders are to get a total dividend raised from an adjusted 3.86p to 4.31p, the maximum, but the board wanted to pay more.

Johnson Matthey in recession

"It is inescapable that profits will be reduced while the present recession lasts", writes Lord Robens in his annual report to shareholders of Johnson Matthey. "We see no signs of an early or quick resumption of the tempo of 1974".

adds. Even so, the group still plans to go ahead with a substantial rate of re-investment in the United Kingdom and in other countries to enable it to be in a better position to take advantage of the improved conditions that will follow.

Commenting on the year just ended, Lord Robens reports that the group's facilities for refining gold and silver operated at a good level of utilization and profitability. But areas more dependent directly or indirectly on consumer expenditure found conditions increasingly difficult at the year end.

An exception here was the jewelry trade, while the banking division also had a good year thanks to a high level of activity in world bullion markets.

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Poor finish from Bristol Post

Against a decline of 6 per cent at half time the pre-tax profits of Bristol Evening Post slumped 27 1/2 per cent to £1.15m in the year to March 31 last.

The profit is struck after interest charges up from £7,000 to £56,000. As predicted, the second half profits were well down — from £693,000 to £307,000. Even so, the total dividend rises from 6.61p to 7.18p.

Greening rejoins

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Orion Insurance

1973 THE QUEEN'S AWARD TO INDUSTRY for export achievement

1974: Higher gross profit

- * Profit before tax increased by over 50% to £4,043,000
- * Investment Income increased by over 50%
- * Marine and Aviation again produced satisfactory profits
- * Home Fire and Accident loss reduced from £495,000 to £265,000
- * Dividend increased to the maximum permitted

	1970 £'000	1971 £'000	1972 £'000	1973 £'000	1974 £'000
Total Premiums	12,681	12,743	15,300	16,100	17,012
Investment Income†	1,210	1,267	1,406	2,175	3,338
Underwriting Results	(246)	481	703	770	1,185
Shareholders Funds	4,352	4,933	5,616	7,377	8,007
Earnings* (pence per share)— net profit after tax and excluding items dealt with in reserves	15.3	26.3	32.0	30.1	40.9
Gross Dividend* (pence per share)	6.75	7.80	8.19	8.60	9.89

*adjusted to a comparable basis †excluding non-recurring interest 1971 and 1972

Copies of the full Report, Accounts and Chairman's Statement can be obtained from The Secretary, The Orion Insurance Company Limited, 70/72 King William Street, London EC4N 7BT.

The Orion Insurance Company Limited is a member of the Nationale-Nederlanden Group

Arbuthnot Latham

Extracts from the statement by Mr A. R. C. Arbuthnot, Chairman of Arbuthnot Latham Holdings.

The past year has seen severe difficulties in all financial markets and your directors have followed a policy of prudence and consolidation. The profits of the group after tax and after transfer to inner reserves in the bank, but before extraordinary items in the non-banking group, totalled £598,000 compared with £712,000 the previous year. A final dividend of 4.91p per ordinary share is recommended, making a total of 7.61p, which is the maximum increase permitted under current legislation.

The profits reported by Arbuthnot Latham & Co., the banking group, show another increase to a total of £486,000 against £477,000. The balance sheet of the bank is very similar to that of the previous year. In domestic banking, where Mr. F. C. Saville has a major responsibility within the bank, there have been good results. The currency business also had a satisfactory year.

Shareholders will have read in the press of Mr. N. J. Robson's resignation from being Chairman of Arbuthnot Latham & Co. in order to devote more of his time to Grindlays Bank. However, we are all of us delighted that he will be able to continue to play an active part on the board of Arbuthnot Latham Holdings. We have been glad to welcome Mr. C. J. Frideaux, formerly Deputy Chairman, as the new Chairman of Arbuthnot Latham & Co.

Mr. J. Dick, a director both of the holding company and of the bank, has moved to Singapore as managing director of Chartered Merchant Bankers. Our interests in the Far East continue to show good progress.

A development of special interest has been the setting-up, jointly with The Chartered Bank, of an Arab merchant bank in the Middle East, named Oryx Investments. Our partners in Saudi Arabia and the Gulf have a majority interest, while Arbuthnot Latham & Co. has a 21 per cent shareholding.

In the non-banking group, Arbuthnot Insurance Services achieved a profit materially in excess of the previous year, thus continuing its satisfactory trend. Landauer & Co. (Fibre) had an excellent year. The factoring company has made a useful contribution, whilst our computer consultancy company, Arbat, is establishing a name for itself in banking circles both in this country and internationally.

By contrast, however, our Australian interests produced lower profits as a result of the economic recession in that country. Elsewhere, we have made an appropriate provision against an investment, and interest charges on current borrowings in the holding company were higher.

With political and economic uncertainties ahead of us, it is difficult to forecast the future. However, such has been the position on many previous occasions since Arbuthnot Latham was founded in 1833. Directors and staff work closely together, forming a strong and integrated team, and we face the future with confidence. My gratitude is due to all those who, together, comprise the group which is Arbuthnot Latham.

The Annual General Meeting will be held on Friday, 1st August 1975 at 12.30 p.m. Copies of the Report and Accounts are available on request to the Secretary, Arbuthnot Latham Holdings Limited, 37 Queen Street, London EC4R 1BY.

Associated Leisure dip but recovery at close

Pre-tax profits at Associated Leisure for the 44 weeks to March 16 worked out at £13.9m against £14.8m for the 52 weeks to May 12, 1974. On an annualised basis, the board states this represents a decline of around a tenth, pointing to an improving trend in the latter part of the year after the decline of a fifth at the interim stage.

The decline in profitability in the early part of the year had been largely attributable to sharply rising costs. But as the year has progressed the group has been better able to offset the increase in costs through

Associated Leisure dip but recovery at close

higher rental charges on its amusement machines.

Profits after tax for the period came out at £683,000, in addition to which there are exceptional profits of £710,000, largely relating to profits made on the purchase for cancellation of the company's convertible loan stock.

Earnings per share on an annualised basis are 3.43p a share against 3.73p. The group is paying a final dividend equivalent to 1.415p gross, to give a total for the 44 weeks of 2.98p, the maximum permitted under current legislation.

General Motors Overseas Finance N.V.

8 3/4% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of August 13, 1971 providing for the above Debentures, said Debentures aggregating \$1,250,000 principal amount, bearing the following serial numbers have been selected for redemption on August 15, 1975, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date:

DEBENTURES OF \$1,000 EACH	
M-107 1591 3621 5291 7207	6673 10937 12920 14938 16773 18266 19963 21716 23239 25154 27282 28966
136 1578 3825 5326 7224	8701 10973 12932 14950 16802 18287 19966 21722 23245 25168 27296 28980
148 1677 3927 5428 7326	10124 12422 14440 16292 18144 19629 21308 23064 24820 26576 28332 29996
165 1889 3881 5379 7244	8744 11025 12988 14996 16848 18333 20011 21767 23290 25183 27311 29025
182 1978 3979 5477 7336	10154 12452 14470 16322 18174 19659 21338 23094 24850 26606 28362 29996
199 2190 4081 5579 7438	8815 11136 13077 15085 16937 18422 20100 21856 23379 25202 27058 28814
216 2300 4179 5677 7536	10184 12482 14500 16352 18204 19689 21368 23124 24880 26636 28392 29996
233 2512 4281 5779 7638	8846 11166 13107 15115 16967 18452 20130 21886 23409 25232 27088 28844
250 2724 4383 5881 7740	10214 12512 14530 16382 18234 19719 21398 23154 24910 26666 28422 29996
267 2936 4485 5983 7842	8877 11196 13137 15145 16997 18482 20160 21916 23433 25256 27112 28868
284 3148 4587 6085 7944	10244 12542 14560 16412 18264 19749 21428 23184 24940 26696 28452 29996
301 3360 4689 6187 8046	8908 11226 13167 15175 17027 18512 20190 21946 23463 25286 27142 28898
318 3572 4791 6289 8148	10274 12572 14590 16442 18294 19779 21458 23214 24970 26726 28482 29996
335 3784 4893 6391 8250	8939 11256 13197 15205 17057 18542 20220 21976 23493 25316 27172 28928
352 3996 4995 6493 8352	10304 12602 14618 16472 18326 19809 21488 23244 25000 26756 28512 29996
369 4208 5097 6595 8454	8970 11286 13227 15235 17089 18572 20250 22006 23523 25346 27202 28958
386 4420 5199 6697 8556	10334 12632 14648 16502 18358 19836 21518 23274 25030 26786 28548 29996
403 4632 5301 6799 8658	8991 11316 13257 15265 17121 18605 20280 22036 235

Connells
10a Thurloe Place,

February 1961
ALFRED W. WILLIAMS died
March 1962
FROM (REED) Grandson of Mrs.
died 7 November 1961

122 whose remains are in the churchyard of the former St. John the Baptist, London, in the diocese of Brentford to connect the two churches. Plans for England: 1 Mill London SW1P 3JL. Quoting: "Hence RC3/29." —
ALFRED GEORGE AVENT, 1903 of Edinb., died 17 May 1903
PERCIVAL WELCH CHURCH 17 December 1900
EMILY ELLEN CHURCH, 18 February 1901
ALFRED W. WILLIAMS, died March 1902

هَذَا مِنْ الْأَصْلِ

Focus on Engineering vacancies

An employment paradox

When the upturn in Britain's economy thankfully arrives, perhaps late next year, the country's engineering industry could rapidly find itself facing another crisis, this time in the labour market. The shortage of skilled workers, on whose efforts the industry's long-standing world reputation for quality has been based, once again looks like becoming one of the major constraints on future prosperity.

In the short term the industry is faring no better than others. As unemployment moves inexorably upwards so most employment exchanges have been adding to their books a growing number of fitters, welders, turners, electricians and others whose crafts are usually indispensable.

Almost 50 per cent of the redundancies notified to the Department of Employment in May were in industries such as mechanical and electrical engineering and the motor industry. Employment in mechanical engineering, for example, reached a peak last November but fell back to 962,000 within two months and in February redundancies rose to almost 5,000, the highest figure since the last downturn in the demand cycle.

Yet, in spite of the bleak employment prospect for the rest of this year, leaders of the engineering industry appear to realize that action is needed now to persuade skilled workers to stay and to make the task of becoming a craftsman more attractive to school leavers.

Company bankruptcies and liquidations are now at a record level and the Engineering Employers' Federation in its review for 1974-75 reported that after the recent shortages many companies were today struggling simply to maintain existing employment levels.

But it stressed that among the first casualties during periods of economic instability was expenditure on the development of existing manpower and in the level of intake of craftsmen.

What must not be forgotten, however, is that in the last decade employment in engineering has been declining slowly, the result of automation and the advances of technology, better management, booming wages and more recently the raising of the school leaving age which has reduced the number of potential apprentices.

So as well as the recurrent shortage of properly trained people, management has also had to grapple with the difficulty of improving the performance of those already in the industry.

The problem has been acute enough for the National Economic Development Council to embark on an investigation of engineering manpower usage.

The majority of skilled men in engineering have served five-year apprenticeships. At the end of the sixties the industry was recruiting apprentices at the rate of between 25,000 and 30,000 a year. But by 1973 the intake had dropped to 16,000. Last year's new indentured arrivals were higher but the industry cannot expect to benefit much before 1978.

And with workers tending to move away from engineering during a recession, a significant proportion of them never to return, and the fairly serious percentage of apprentices "dropping out", the industry is far from able to train its own manpower needs.

Industry in general needs an estimated 34,000 new recruits a year just to mark the gap in the skilled labour front. And what companies cannot provide through their own training schemes has to

Natural Environment Research Council

Antarctic Expedition

Chief Officers · Second Officers
Third Officers · Fourth Officers

Applications are invited from qualified officers to serve aboard the Antarctic research vessel R.R.S. BRANSFIELD and R.R.S. JOHN BRISCOE. Voyages are usually of seven months' duration. The vessels depart from Southampton in October or November and return in April or May of the following year. The remainder of the year is spent in the U.K. during which time officers take leave and stand by the vessel.

The work involves resupplying all the British Antarctic stations. Some scientific work is carried out at selected localities in the Antarctic and also at sea. Life is varied and demanding, requiring a high degree of expertise. Handling of small boats is an advantage.

Qualifications:
Chief Officers: Masters Certificate (F.G.M.).
Second Officers: Preferably First Mate's Certificate.
Third Officers: Second Mate's Certificate.

Antarctic Allowance of £450 per annum payable in addition to salary. For further details of salaries and conditions of service please write, stating qualifications and experience to:
The Establishments Officer, British Antarctic Survey,
2 All Saints Passage, CAMBRIDGE CB2 3LS.

HARWELL GRADUATE ENGINEERS

Chemical, Mechanical, Electrical & Electronic

REQUIREMENTS: Good honours degree, age up to 28, self-reliant, responsive mind for research and development.

JOBS: The design, development, construction and commissioning of chemical, electrical, mechanical and electronic equipment.

BENEFITS: Good salary £7,100-£8,000 a year. Excellent training, promotion and career prospects. Progression dependent on ability. Accommodation and travel allowances. Continuous professional development training. Health and welfare benefits.

ENVIRONMENT: The laboratory provides support to the Authority's research and testing programmes, and to the development of applied nuclear, non-nuclear and underlying research and development.

Enquiries should be addressed to:
Personnel Department (12678) Harwell, Oxon, OX11 0RA
or telephone Abingdon (0235) 24141 extn. 2614

SENIOR RESEARCH ENGINEER

A challenging opportunity awaits the successful applicant for the management of operations of an engine research and test laboratory (reporting to a Research Division Manager). The applicant should be at least 35 years of age, currently holding a B.Sc. or higher degree and have experience of automotive spark and C.I. engine research, development and testing. The successful candidate will be responsible for the management of the laboratory and the supervision of staff. The position offers a high salary and excellent career prospects.

Applications in writing to: The Director,
The Motor Industry Research Association,
Walling St., Nuneaton, Warwickshire CV10 0TU.
Giving details of experience, qualifications and current salary, quoting RACF.

THE MOTOR INDUSTRY RESEARCH ASSOCIATION

Walling St., Nuneaton, Warwickshire CV10 0TU.
Giving details of experience, qualifications and current salary, quoting RACF.

PROCESS/SALES ENGINEER

Small specialist engineering company requires a qualified process or sales engineer for international projects. The successful candidate will be responsible for the management of the company's international operations and the supervision of staff. The position offers a high salary and excellent career prospects.

Applications in writing to: The Director,
The Motor Industry Research Association,
Walling St., Nuneaton, Warwickshire CV10 0TU.
Giving details of experience, qualifications and current salary, quoting RACF.

MECHANICAL ENGINEER

Required to work on the design and specification of mechanical equipment in the following fields: power plant, industrial machinery, agricultural machinery, marine engineering, etc. The successful candidate will be responsible for the management of the company's mechanical engineering operations and the supervision of staff. The position offers a high salary and excellent career prospects.

Applications in writing to: The Director,
The Motor Industry Research Association,
Walling St., Nuneaton, Warwickshire CV10 0TU.
Giving details of experience, qualifications and current salary, quoting RACF.

DOMESTIC SITUATIONS

COOK/HOUSEKEEPER
Phillips Petroleum is an international oil company and we are seeking a Cook/Housekeeper for our executive flat off Park Lane, W.1.

This is an ideal appointment for a single lady with a minimum of 10 years' experience in a similar capacity, who is a native English speaker, has a good command of English and is a genuine interest in housekeeping.

Accommodation is provided in addition to which we will pay an excellent starting salary. Other benefits include four weeks' annual holiday, pension and free life insurance schemes etc.

If you are aged between 25 and 45 and have at least 2 years' experience in a similar capacity, why not telephone me Vera Burgess on 01-235 9766 to arrange an interview, or alternatively write to me Phillips Petroleum Company, Europe-Africa, Portland House, Stag Place, London, SW1E 5DA.

DOMESTIC SITUATIONS

HOUSEKEEPER/COOK
The Chairman of a very well-known international company is seeking a Housekeeper/Cook for his London flat. The successful candidate will be responsible for the management of the company's domestic operations and the supervision of staff. The position offers a high salary and excellent career prospects.

Applications in writing to: The Director,
The Motor Industry Research Association,
Walling St., Nuneaton, Warwickshire CV10 0TU.
Giving details of experience, qualifications and current salary, quoting RACF.

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COOK/HOUSEKEEPER
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STANT CIVIL ENGINEERS, aged 30 years or over, Qualification: MICE preferred, minimum O.N.C. Site licence should be at least 5 years, holding out quality of work inspection. Must be fully conversant with sliding trades. Contract: 10 months.

ANALICAL ENGINEER, aged 35/55 years. Minimum 10 years experience in heavy rolling mill equipment. Contract: 12 months.

Company provides furnished houses with "Haus Boy", free 12, including up to 45 also baggage allowance, and incidental expenses. Insurance, medical, travel, staff allowance, free medical.

Includes: 18 hole Golf Course, Tennis, Badminton, etc. Clubhouse, 16 minutes from beach, etc.

Send full curriculum vitae and relevant personal details to: Personnel (no application forms available) to: Personnel

Understam Personnel Services Limited
Grosvenor Gardens House,
37 Grosvenor Gardens, London SW1W 0BS.

SERVICE ENGINEER

Red to service our range of scientific and laboratory equipment. The applicant should have a good working knowledge of electronics (City and Guild or equivalent) and resident in the area North of the Thames to Luton. Salary approximately £3,000, but depending upon experience and qualifications. Two company cars, profit-sharing bonus scheme, BUPA membership and pension scheme are included in the excellent working conditions.

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01-657 8822.

WEMBLEY DOMESTIC APPLIANCE DESIGNER

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